

**CITY OF  
COLLEYVILLE, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED SEPTEMBER 30, 2011**

Prepared by  
Finance Department

Terry Leake  
Assistant City Manager/Chief Financial Officer

Karen Hines  
Finance Manager



**CITY OF COLLEYVILLE, TEXAS**

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# **INTRODUCTORY SECTION**

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February 7, 2012

To the Citizens of the City of Colleyville:

The Comprehensive Annual Financial Report of the City of Colleyville (the "City") for the fiscal year ended September 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations and cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

As required by the City's charter, the financial statements have been audited by Pattillo, Brown & Hill, L.L.P., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City of Colleyville for the fiscal year ended September 30, 2011, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Colleyville's financial statements for fiscal year ended September 30, 2011, are presented in conformity with generally accepted accounting principles (GAAP).

As required by GAAP, management provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors report.

## **PROFILE OF THE GOVERNMENT**

On January 10, 1956, the City of Colleyville was incorporated and adopted a home-rule charter on January 15, 1977. It has a Council-Manager form of government with policy making and legislative authority vested in a governing body consisting of a Mayor and six Council members. The Mayor and Council are responsible for passing ordinances, adopting the budget, appointing board and committee members, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the Mayor and Council, overseeing the day-to-day operations of the City, and appointing department heads. The Mayor and six Council members are elected on an at large, non-partisan basis for three year terms. The three year terms are staggered so that the Mayor and City Council persons from Place 1 and 2 are elected in year one, City Council persons from Places 3 and 4 are elected in year two, and City Council persons from Places 5 and 6 are elected in year three.

The City provides a full range of municipal services. These services include police and fire protection, municipal court, streets, drainage utility, leisure services (parks and recreation, Colleyville Center and library), water and sewer, engineering/community development, and general administrative services. Based upon the criterion set forth in generally accepted accounting principles, the following organizations are includable within the City's reporting entity:

<u>Entity</u>	<u>Method of Inclusion</u>
Colleyville Economic Development Corporation (CEDC)	Blended
Colleyville Crime Control and Prevention District	Blended
Colleyville Tax Investment Financing Reinvestment Zone Zone Number One (TIF)	Discretely Presented

The City Charter of the City of Colleyville establishes the fiscal year as October 1 through September 30. The Charter requires the City Manager to submit a proposed budget and accompanying budget message to the City Council each year and the proposed budget is presented to the City Council at a budget work session. After public hearings at two consecutive regular City Council meetings, the Council may adopt the proposed budget, with or without amendment. The budget ordinance is to be adopted no later than the 30th day of September and requires an affirmative vote of a majority of the Council. The City maintains budgetary control by adopting an annual operating budget for the General Fund, Debt Service Fund, Drainage Utility Fund, and Water and Sewer Enterprise Fund. Detail control is maintained at the line item level by encumbering available funds at the time a purchase order is written. Encumbrances lapse at fiscal year end, but can be re-appropriated through a budget amendment during the following fiscal year. The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.

## **LOCAL ECONOMY**

The City of Colleyville is a residential-oriented community located 11 miles northeast of the City of Fort Worth, 22 miles northwest of Dallas and 5 miles west of Dallas/Fort Worth International Airport in Northeast Tarrant County. Relocations of residents to the City continued in fiscal year 2011, as did commercial development. During the fiscal year, the City issued 104 residential building permits and the average square footage of a residence was almost five thousand square feet.

The Library expanded to the second floor of the building with construction completed in June 2011. It moved the existing children's area upstairs and provided programming/meeting rooms on the second floor. The first floor of the Library is now primarily for adults, computer areas and includes new teen room. In December 2010, there was a ribbon cutting on a roundabout at the intersection of Glade Road and Pool Road, one the major intersections in Colleyville. The final design for the Pleasant Run and John McCain Road intersection was completed, which will also be constructed as a roundabout. The new Kidsville playground at City Park was completed, which contains over 40 play elements and a 20 foot tree house with a 12 foot spiral slide.

**For the Future.** The Parks and Recreation Master Plan, which was adopted in November 2011, provides for the construction of inter-connected trail segments throughout the City, with a major segment of the Cotton Belt Trail opening in February 2012. Major transportation projects will be the construction of Phase I of State Highway 26 / Colleyville Boulevard and the roundabout at the Pleasant Run and John McCain Road intersection.

## **LONG TERM FINANCIAL PLANNING**

In Fiscal Year 2005, the City Council adopted a Fund Balance Policy requiring a 90-day reserve for fund balance in both the General Fund and the Utility Fund. In Fiscal Year 2011, the policy was updated to reflect the designations of non-spendable, restricted, committed, assigned and unassigned as required by GASB 54. At the end of Fiscal Year 2011 both the General Fund and the Utility Fund have a fund balance in excess of the required 90-day reserve. Amount in excess of the reserve may be used to fund one-time capital expenditures.

As a part of the Fiscal Year 2008 budget process, the Mayor and Council and City Staff embarked upon developing a multi-year streets capital improvements program. Additionally, the Council appointed a citizen committee that reviewed street infrastructure needs and financing opportunities. Their recommendations were incorporated into an infrastructure program that was approved by Council in Fiscal Year 2008. Improvements included in the plan, which were completed during Fiscal Year 2011, were reconstruction of Brentwood Drive and Brentwood Court along with improvements to Cheek-Sparger Road, John McCain Road, L. D. Lockett Road and Pleasant Run Road.

In Fiscal Year 2010, the City Council adopted a strategic plan, which incorporated the following strategic points to achieve the City's vision:

- Making a long-term commitment to economic development
- Fostering a more diversified tax base
- Protecting and preserving neighborhoods
- Delivering sustainable government
- Branding Colleyville with a unique identity

This vision was re-affirmed by City Council in August 2011. In the area of sustainable government, a long-term Information Systems Management Strategic Plan was adopted as was the Parks and Recreation Master Plan. These two plans identify Year improvements over the next five years accompanied by funding sources. Additionally in the Fiscal Year 2011 budget, a transition was made to performance based budgeting, with links to specific performance indicators to measure the efficiency and effectiveness of service delivery.

## **AWARDS AND ACKNOWLEDGEMENTS**

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Colleyville for its comprehensive annual financial report for the fiscal year ended September 30, 2010. This was the 21<sup>st</sup> consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation award for its annual budget dated October 1, 2010. In order to qualify for this award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

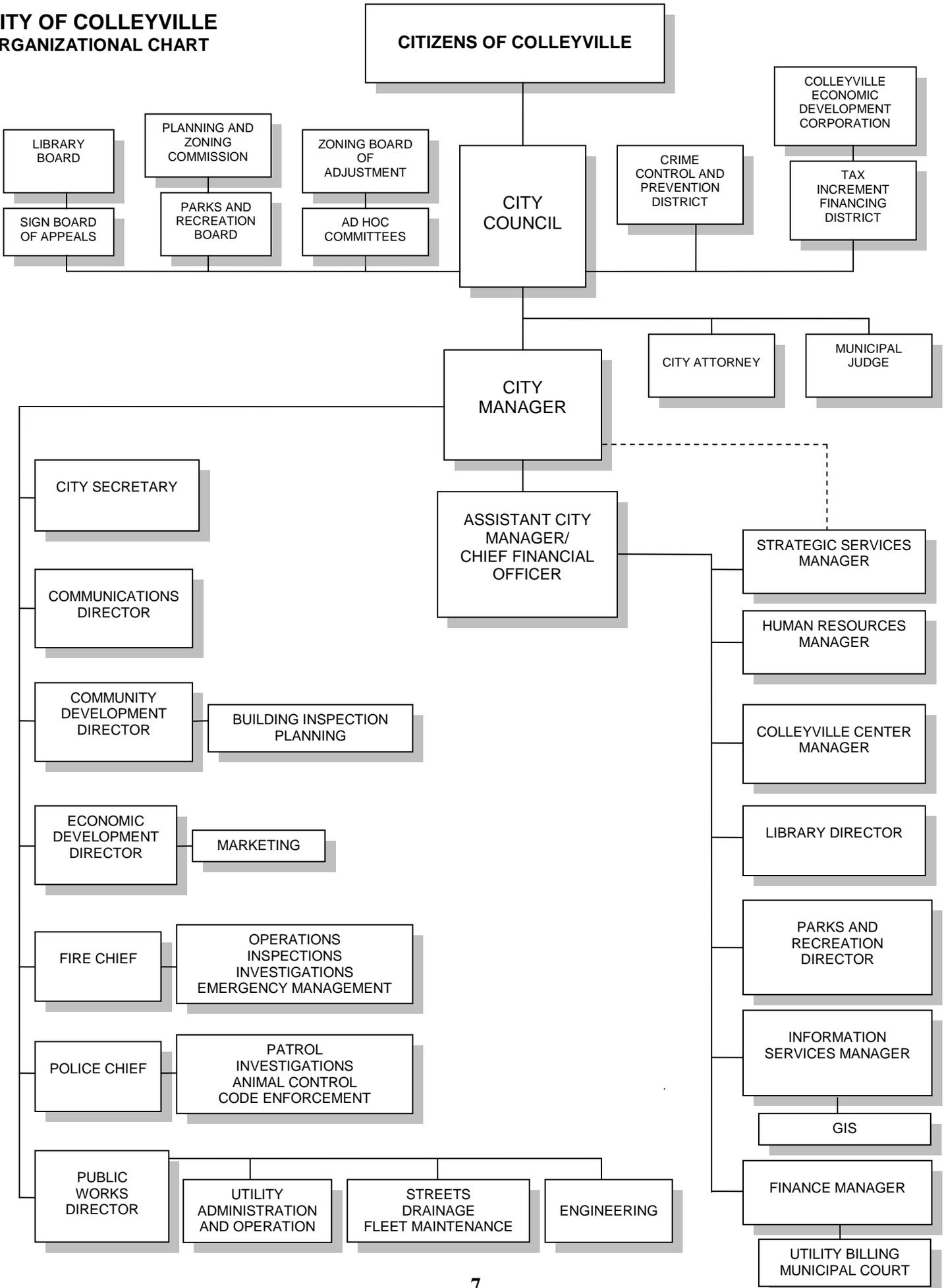
**Acknowledgements.** The preparation of this report could not be accomplished on a timely basis without the dedicated endeavors of the entire staff of the Finance Department. We would like to express our sincere appreciation to all employees who contributed to the preparation. Additionally, we would also like to thank the Mayor, City Council, and City Manager for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Terry Leake  
Assistant City Manager/Chief Financial Officer

Karen Hines  
Finance Manager

**CITY OF COLLEYVILLE  
ORGANIZATIONAL CHART**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
City of Colleyville  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Danson*

President

*Jeffrey R. Egan*

Executive Director

**CITY OF COLLEYVILLE, TEXAS**

**HOME RULE, COUNCIL – MANAGER  
FORM OF GOVERNMENT**

**CITY OFFICIALS**

**YEAR ENDED SEPTEMBER 30, 2011**

David Kelly  
Mayor

Carol Wollin  
Councilmember, Place 1

Michael Muhm  
Councilmember, Place 2

Stan Hall  
Councilmember, Place 3

Jody Short  
Councilmember, Place 4

Tom Hart  
Mayor Pro Tem and  
Councilmember, Place 5

Mike Taylor  
Councilmember, Place 6

Jennifer Fadden  
City Manager

Terry Leake  
Assistant City Manager/Chief Financial Officer

Karen Hines  
Finance Manager

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# **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Colleyville, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Colleyville, Texas, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Pattillo, Brown & Hill, L.L.P.*

January 24, 2012

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## Management's Discussion and Analysis

As management of the City of Colleyville, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 – 6 of this report.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Colleyville exceeded its liabilities as of September 30, 2011, by \$161,441,283 (net assets). Of this amount, \$27,949,369 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$4,665,603.
- As of the close of the current fiscal year, the City of Colleyville's governmental funds reported combined ending fund balances of \$28,902,127. Of this amount, \$10,223,232 is unassigned fund balance available for use within the City's fund designation and fiscal policies.
- As of September 30, 2011, unassigned fund balance for the General Fund was \$10,223,232 or 60.7% of the total General Fund budgeted expenditures and other financing uses.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** – The government-wide financial statements, which begin on page 26 of this report, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Community Development and Engineering, Fire and Rescue, Leisure Services, Maintenance, Municipal Court, Police, and Streets and Drainage. The business-type activities of the City include Water and Wastewater, and Drainage Utility.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into two categories – governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 30 of this report, information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds** – The City maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for the Water and Wastewater and Drainage Utility Funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements which begin on page 36 of this report provide separate information for the Water and Wastewater and Drainage Utility Enterprise Funds since these are considered to be major funds of the City.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 – 70 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements and schedules that further support the information in the financial statements. The combining fund statements and schedules for nonmajor funds are presented immediately following the notes to the financial statements beginning on page 74 of this report.

**GOVERNMENTAL-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of government’s financial position. In the case of the City of Colleyville, assets exceeded liabilities by \$161,441,283 as of September 30, 2011.

The largest portion of the City’s net assets (\$122,058,240) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF COLLEYVILLE’S NET ASSETS**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 30,839,307	\$ 29,184,805	\$ 12,450,135	\$ 10,159,535	\$ 43,289,442	\$ 39,344,340
Capital assets	103,873,376	104,994,671	43,974,948	45,295,043	147,848,324	150,289,714
Total assets	134,712,683	134,179,476	56,425,083	55,454,578	191,137,766	189,634,054
Other liabilities	3,667,849	3,936,264	2,561,102	2,241,634	6,228,951	6,177,898
Long-term liabilities	19,269,475	21,278,136	4,198,057	5,402,340	23,467,532	26,680,476
Total liabilities	22,937,324	25,214,400	6,759,159	7,643,974	29,696,483	32,858,374
Net assets:						
Invested in capital assets, net of related debt	83,166,142	81,970,674	38,892,098	39,080,043	122,058,240	121,050,717
Restricted	10,771,624	11,477,339	662,050	983,225	11,433,674	12,460,564
Unrestricted	17,837,593	15,517,063	10,111,776	7,747,336	27,949,369	23,264,399
Total net assets	\$ 111,775,359	\$ 108,965,076	\$ 49,665,924	\$ 47,810,604	\$ 161,441,283	\$ 156,775,680

A portion of the City’s net assets (\$11,433,674) represents resources that are subject to external restriction on how they may be used. The remaining balance (\$27,949,369) of unrestricted net assets may be used to meet the City’s ongoing obligation to citizens and creditors in accordance with the City’s fund designation and fiscal policies.

As of September 30, 2011, the City has positive balances in all three categories of net assets, both for the City as a whole, as well as for its governmental and business-type activities separately. The increase of \$4,665,603 in net assets relating to governmental activities is due to an increase in sales tax, an increase in building permit revenues as well as reductions in General Fund expenditures. The increase in net assets of business type activities is related to water sales during a period of extreme drought conditions which began during the first month of Fiscal Year 2011 coupled with a record setting number of days in summer 2011 with temperatures in excess of 100 degrees.

**Analysis of the City's Operations** – The following table provides a summary of the City's operations for the year ended September 30, 2011. Governmental activities increased the City of Colleyville's net assets by \$2,810,283, accounting for all of the total growth in net assets. Business-type activities contributed an increase to the City's net assets of \$1,855,320.

### CITY OF COLLEYVILLE'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 3,821,848	\$ 3,018,966	\$ 15,258,507	\$ 12,311,786	\$ 19,080,355	\$ 15,330,752
Operating grants and contributions	822,056	543,516	-	-	822,056	543,516
Capital grants and contributions	405,347	423,873	168,365	147,014	573,712	570,887
General revenues:						
Ad valorem taxes	12,414,948	12,557,716	-	-	12,414,948	12,557,716
Sales taxes	5,056,597	4,936,484	-	-	5,056,597	4,936,484
Franchise taxes	2,031,268	1,867,065	-	-	2,031,268	1,867,065
Other taxes	80,731	75,365	-	-	80,731	75,365
Investment earnings	95,822	76,968	38,674	15,158	134,496	92,126
Miscellaneous	55,454	82,833	-	-	55,454	82,833
Gain on sale of capital assets	-	65,306	-	15,864	-	81,170
Total revenues	<u>24,784,071</u>	<u>23,648,092</u>	<u>15,465,546</u>	<u>12,489,822</u>	<u>40,249,617</u>	<u>36,137,914</u>
Expenses:						
General government	2,715,154	2,691,905	-	-	2,715,154	2,691,905
Community development and engineering	1,402,669	1,645,221	-	-	1,402,669	1,645,221
Fire and rescue	4,421,496	4,419,945	-	-	4,421,496	4,419,945
Leisure services	4,191,960	4,118,769	-	-	4,191,960	4,118,769
Maintenance	412,512	423,783	-	-	412,512	423,783
Municipal court	303,839	302,756	-	-	303,839	302,756
Police	4,878,055	4,836,274	-	-	4,878,055	4,836,274
Streets and drainage	3,657,591	3,885,182	-	-	3,657,591	3,885,182
Water and wastewater	-	-	12,009,187	11,242,553	12,009,187	11,242,553
Drainage	-	-	742,160	572,234	742,160	572,234
Interest on long-term debt	849,390	1,000,061	-	296,288	849,390	1,296,349
Total expenses	<u>22,832,666</u>	<u>23,323,896</u>	<u>12,751,347</u>	<u>12,111,075</u>	<u>35,584,013</u>	<u>35,434,971</u>
Increases in net assets before transfers	1,951,405	324,196	2,714,199	378,747	4,665,604	702,943
Transfers	858,879	857,622	( 858,879)	( 857,622)	-	-
Change in net assets	2,810,284	1,181,818	1,855,320	( 478,875)	4,665,604	702,943
Net assets, beginning	<u>108,965,075</u>	<u>107,783,257</u>	<u>47,810,604</u>	<u>48,289,479</u>	<u>156,775,679</u>	<u>156,072,736</u>
Net assets, ending	<u>\$ 111,775,359</u>	<u>\$ 108,965,075</u>	<u>\$ 49,665,924</u>	<u>\$ 47,810,604</u>	<u>\$ 161,441,283</u>	<u>\$ 156,775,679</u>

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**Governmental funds** – The focus of the City of Colleyville's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Colleyville's governmental funds reported combined ending fund balances of \$28,902,127. Approximately 35% of this total amount (\$10,223,232) constitutes unassigned fund balance. The remainder of the fund balance (\$18,678,895) is reserved to indicate that is not available for new spending because it has already been committed to pay for encumbrances or debt service or to provide for other items. Refer to page 30 of this report for a more detailed presentation of governmental fund balances.

In the General Fund, the City's original budgeted revenues exceeded expenditures by \$16,522. While there was a budget adjustment in Fiscal Year 2011, the expense was offset by additional revenues; the final budgeted decrease in fund balance was \$623,478. The actual increase to fund balance for the General Fund was \$1,353,259 for fiscal year 2011, due to greater than anticipated revenues from sales taxes, franchise taxes, building permits and reductions to overall departmental expenditures.

**Proprietary funds** – The City's proprietary fund statements beginning on page 36 of this report provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the respective major proprietary funds are Water and Wastewater (\$8,951,371), and Drainage Utility (\$1,160,405). The Water and Wastewater fund experienced an increase in total net assets of \$1,692,209 during Fiscal Year 2011 due to increased water sales caused by the extreme drought and summer weather conditions. The Drainage Utility fund's net assets increased by \$163,111, due to increased service charge revenue and reductions to expenditures.

**Governmental Activities** – The major increase in revenues comes from the Charges for Services category, primarily due to the City receiving a one-time signing bonus of over \$.7 million for a gas lease on City-owned property in FY 2011, and an increase in both license and permit revenues due to an increase in the issuance of residential building permits in the latter half of the fiscal year. Fines and forfeitures were down slightly due to the enhanced community policing efforts. The property tax base decreased approximately \$9 million, due to the revaluation of property, however the current year tax collection rate was over 99% of the levy.

There was no pay increase included in the Fiscal Year 2011 budget for the General Fund or other funds, due to current economic conditions. Additionally, 12 full-time positions were eliminated, including eight dispatch positions due to the establishment of the regional public safety dispatch center located in the neighboring city of Keller. The General Fund continued to budget \$1,000,000 in the Street department for the street overlay budget, which can overlay approximately five miles of City streets.

**Business-type Activities** – The City has two enterprise operations, the Water and Wastewater Fund and the Drainage Utility Fund. Total operating revenues of the Water and Sewer fund were \$14,355,418 for the fiscal year. Water sales increased due to a rate increase in February 2011, which passed through a rate increase from the Trinity River Authority, the City's provider of treated water, and the higher than normal average usage due to the extreme drought throughout the fiscal year and extreme summer temperatures. Wastewater sales increased primarily due to higher residential usage during the winter usage period, which sets residential wastewater charges due to the frequency of irrigation that occurs during the summer months. The coverage ratio for debt for this fund was 4.11 for the fiscal year, exclusive of transfers. The slight increase in the Drainage Utility Fund's revenues was due to new residential and commercial construction.

Increases in the Water and Wastewater Fund expenses relate to the increase in cost of purchased water and treatment of wastewater from Trinity River Authority due to higher usage. The Authority's rate increase relates to higher cost for electricity, debt issuance for plant expansion, replacement of system-wide aging infrastructure and compliance with federal water and wastewater mandates.

**General Fund Budgetary Highlights** – The City made revisions to the original appropriations approved by the City Council. Overall, these changes resulted in an increase from the original budget of \$600,000. The budget amendment was for the funding in the amount of \$300,000 for the acquisition of new financial software and \$200,000 for a transfer to capital projects for the funding of future street rehabilitation projects. Also, included in the budget amendment was the transfer of unspent street resurfacing appropriations to the Capital Projects fund for future street projects.

The General Fund's overall budgeted revenue decreased by \$2,156,824. The three major decreases were in the licenses and permits category was due to new residential home construction activity remaining at a lower than anticipated level and a budgeted decrease in sales tax revenues due to economic conditions. There were two Fiscal Year 2010 revenues which were one-time items, the budgeted \$702,000 draw down fund balance for street improvements in the Saddlebrook subdivision and the other financing sources for fire truck lease proceeds in the amount of \$981,238, which did not recur in Fiscal Year 2011. However, there was an increase in revenue from elimination of citation appeal revenue loss due to the establishment of a municipal court of record, enhanced warrant collections and the aforementioned recreation program revenue.

Refer to the General Fund Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual on page 35 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2011.

## **CAPITAL ASSETS**

The City of Colleyville's investment in capital assets for its governmental and business-type activities as of September 30, 2011, amounts to \$147,848,324 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements other than buildings, infrastructure and construction work in progress. Major capital asset events occurring during the current fiscal year included the following:

- Capitalized approximately \$.4 million in park improvements with the completion of the Kidsville playground;
- Capitalized approximately \$.6 million in building improvements with the completion of the second floor expansion of the Library;
- Capitalized approximately \$.9 million in street improvements and contributions; and
- Capitalized approximately \$.3 million in water and wastewater system projects and contributions including the new water lines at the Glade and Pool Road intersection and a new 10" water line on Oak Knoll Drive.

## CITY OF COLLEYVILLE'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 9,293,654	\$ 9,293,654	\$ 313,057	\$ 313,057	\$ 9,606,711	\$ 9,606,711
Buildings and improvements	44,880,314	43,607,745	53,922	53,922	44,934,236	43,661,667
Equipment	9,390,361	9,180,666	1,595,394	1,587,562	10,985,755	10,768,228
Infrastructure/water						
distribution sewer collection	76,959,884	76,031,518	68,457,511	68,134,647	145,417,395	144,166,165
Construction in progress	1,178,455	1,215,375	718,330	479,280	1,896,785	1,694,655
Less: accumulated						
depreciation	( 37,829,292)	( 34,334,287)	( 27,163,266)	( 25,273,425)	( 64,992,558)	( 59,607,712)
Total capital assets	\$ 103,873,376	\$ 104,994,671	\$ 43,974,948	\$ 45,295,043	\$ 147,848,324	\$ 150,289,714

Additional information on the City's capital assets can be found in Note 4, pages 55 – 57 of this report.

### DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Colleyville had total bonded debt, notes payable and capital lease obligations of \$25,903,448. Of this amount, \$11,510,000 represents bonded debt backed by the full faith and credit of the government, \$8,271,278 represents bonds secured by sales tax revenues, \$3,600,000 represents bonds secured solely by water and sewer revenues, and \$1,550,000 represents bonds secured solely by drainage utility system revenues. The City's capitalized lease obligations of \$972,170 pertain to the purchase of a fire pumper truck and ambulance and the lease purchase of a mid-mount aerial platform fire apparatus, which occurred in prior years.

### OUTSTANDING DEBT AT YEAR-END BONDS, NOTES AND CAPITALIZED LEASE OBLIGATIONS PAYABLE

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General obligation bonds and certificates of obligation	\$ 11,510,000	\$ 13,300,000	\$ -	\$ -	\$ 11,510,000	\$ 13,300,000
Sales tax revenue bonds	8,271,278	8,572,824	-	-	8,271,278	8,572,824
Revenue bonds payable	-	-	5,150,000	6,215,000	5,150,000	6,215,000
Capitalized lease obligations	972,170	1,151,173	-	-	972,170	1,151,173
	\$ 20,753,448	\$ 23,023,997	\$ 5,150,000	\$ 6,215,000	\$ 25,903,448	\$ 29,238,997

The City's General Obligation, Tax and Water Works and Sewer System Certificates of Obligation, and Water Works and Sewer System Revenue Bond ratings are listed below.

	Fitch ICBA	Standard and Poor's
General Obligation Bonds	AAA	AAA
Water Revenue Bonds	AAA	AA+

During Fiscal Year 2011, the City received an upgrade to AAA from Fitch on both its General Obligation Bonds and Water Revenue Bonds during their rating recalibration process. Most of the City's Bonds are insured, thus holding a AAA credit rating from both Fitch Ratings and Standard & Poor's. Additional information on the City of Colleyville's long term-debt can be found in footnote 4 on pages 58 – 65 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The General Fund budget including transfers in for Fiscal Year 2012 is based on a projected revenue increase of 3.7% as compared to the fiscal year 2011 budget. There is a 3% increase projected in General Fund property tax revenue due to a declining portion of the tax rate committed to debt service repayment, which increases the amount allocated to the General Fund. This is the largest revenue source and comprises 57% of General Fund revenues. The total tax rate for Fiscal Year 2012 is \$.3559, which is unchanged since Fiscal Year 2008. Approximately 14% of General Fund revenues are sales taxes, and sales taxes are budgeted at a 9.5% increase over the Fiscal Year 2011 budget, due to improving economic conditions. Another revenue increase (\$88,133) is in the area of franchise fees due to the settlement of a lawsuit with the electric franchise holder for the payment of retrospective franchise fees. There is no utilization of surplus fund balance in the adopted Fiscal Year 2012 General Fund budget; however there is a utilization of \$116,839 of fund balance in the adopted Fiscal Year 2012 Debt Service budget due to the current level of existing fund balance.

There is a two percent one-time lump sum salary payment to employees included in the Fiscal Year 2012 budget, funded primarily from the cost decrease in health insurance premiums. Additionally, there was the addition of one police officer and two firefighters and the elimination of a building clerk position. There is a commitment to upgrading the City's computer and communications infrastructure with funding for the city-wide replacement of the phone system and the centralized virtual environment in a computer data center. The General Fund continues to fund \$1,000,000 in the Street department for the street overlay budget, which will overlay approximately five miles of city streets.

Slight revenue growth in the Water and Wastewater Fund will come from additional residential and commercial customers. There was an in-house water and wastewater rate study update completed in fall 2011. The study reviewed tiered rate options for increasing cost for increased usage by tier and incorporated passing through projected Trinity River Authority (TRA) rate increases to maintain the financial stability of the Water and Wastewater Fund in future years.

## **REQUEST FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Terry Leake, Assistant City Manager / Chief Financial Officer, at 100 Main Street, Colleyville, Texas 76034, or call (817) 503-1115.

**BASIC  
FINANCIAL STATEMENTS**

# CITY OF COLLEYVILLE, TEXAS

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

	Governmental Activities	Business-type Activities
<b>ASSETS</b>		
Cash and equivalents	\$ 14,103,362	\$ 5,824,343
Investments	15,111,409	3,777,338
Receivables (net of allowances for uncollectibles of \$341,247)		
Accounts	70,021	2,596,904
Property taxes	280,360	-
Due from other governments	1,035,917	-
Other assets	-	122,167
Inventories	2,147	127,565
Deferred charges	222,335	-
Accrued interest	13,756	1,818
Capital assets:		
Land	9,293,654	313,057
Buildings and improvements	44,880,314	53,922
Equipment	9,390,361	1,595,394
Infrastructure/water distribution/sewer collection	76,959,884	68,457,510
Construction in progress	1,178,455	718,330
Less: accumulated depreciation	( 37,829,292)	( 27,163,265)
Total capital assets	103,873,376	43,974,948
Total assets	134,712,683	56,425,083
<b>LIABILITIES</b>		
Accounts payable	750,053	980,839
Accrued liabilities	331,876	49,718
Unearned revenues	10,748	-
Accrued interest payable	131,976	30,210
Advances from developers	201,460	73,396
Escrow funds	-	26,613
Customer deposits	91,697	427,774
Noncurrent liabilities:		
Due within one year	2,150,039	972,552
Due in more than one year	19,269,475	4,198,057
Total liabilities	22,937,324	6,759,159
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	83,166,142	38,892,098
Restricted:		
Debt service	1,106,893	662,050
Court security and technology	153,420	-
Grant programs	23,208	-
Leisure services	201,184	-
Economic development	1,863,900	-
Streets and drainage	6,428,106	-
Police	994,913	-
Unrestricted	17,837,593	10,111,776
Total net assets	\$ 111,775,359	\$ 49,665,924

**The accompanying notes are an integral part of these financial statements.**

<u>Total</u>	<u>Component Units</u>
\$ 19,927,705	\$ 10,051,730
18,888,747	1,490,434
2,666,925	-
280,360	-
1,035,917	-
122,167	-
129,712	-
222,335	115,157
15,574	60
9,606,711	1,800,940
44,934,236	-
10,985,755	-
145,417,394	-
1,896,785	4,453,810
( 64,992,557)	( 108,056)
<u>147,848,324</u>	<u>6,146,694</u>
<u>191,137,766</u>	<u>17,804,075</u>
1,730,892	-
381,594	-
10,748	-
162,186	19,606
274,856	-
26,613	-
519,471	-
3,122,591	530,000
<u>23,467,532</u>	<u>4,891,012</u>
<u>29,696,483</u>	<u>5,440,618</u>
122,058,240	725,682
1,768,943	-
153,420	-
23,208	-
201,184	-
1,863,900	-
6,428,106	-
994,913	-
<u>27,949,369</u>	<u>11,637,775</u>
<u>\$ 161,441,283</u>	<u>\$ 12,363,457</u>

**CITY OF COLLEYVILLE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 2,715,154	\$ 97,234	\$ 2,904	\$ -
Community development	1,402,669	868,363	-	-
Fire and rescue	4,421,496	305,882	149,181	-
Leisure services	4,191,960	1,213,167	570,867	4,915
Maintenance	412,513	-	-	-
Municipal court	303,839	970,143	-	-
Police	4,878,055	70,709	99,104	-
Streets and drainage	3,657,591	296,350	-	400,432
Interest on long-term debt	849,390	-	-	-
Total governmental activities	<u>22,832,667</u>	<u>3,821,848</u>	<u>822,056</u>	<u>405,347</u>
Business-type activities:				
Water and wastewater	12,009,187	14,355,418	-	168,365
Drainage	742,160	903,089	-	-
Total business-type activities	<u>12,751,347</u>	<u>15,258,507</u>	<u>-</u>	<u>168,365</u>
Total primary government	<u>\$ 35,584,014</u>	<u>\$ 19,080,355</u>	<u>\$ 822,056</u>	<u>\$ 573,712</u>
<b>Component unit</b>				
Tax increment financing	\$ 5,076,570	\$ -	\$ -	\$ -
Total component unit	<u>\$ 5,076,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General revenues:</b>				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
TIF taxes				
Sales taxes				
Franchise taxes				
Other taxes				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

**The accompanying notes are an integral part of these financial statements.**

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$( 2,615,016)	\$ -	\$( 2,615,016)	\$ -
( 534,306)	-	( 534,306)	-
( 3,966,433)	-	( 3,966,433)	-
( 2,403,011)	-	( 2,403,011)	-
( 412,513)	-	( 412,513)	-
666,304	-	666,304	-
( 4,708,242)	-	( 4,708,242)	-
( 2,960,809)	-	( 2,960,809)	-
( 849,390)	-	( 849,390)	-
<u>( 17,783,416)</u>	<u>-</u>	<u>( 17,783,416)</u>	<u>-</u>
-	2,514,596	2,514,596	-
<u>-</u>	<u>160,929</u>	<u>160,929</u>	<u>-</u>
<u>-</u>	<u>2,675,525</u>	<u>2,675,525</u>	<u>-</u>
<u>( 17,783,416)</u>	<u>2,675,525</u>	<u>( 15,107,891)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 5,076,570)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 5,076,570)</u>
10,380,140	-	10,380,140	-
2,034,808	-	2,034,808	-
-	-	-	4,918,588
5,056,597	-	5,056,597	-
2,031,268	-	2,031,268	-
80,731	-	80,731	-
95,822	38,674	134,496	23,010
55,454	-	55,454	-
858,879	( 858,879)	-	-
<u>20,593,699</u>	<u>( 820,205)</u>	<u>19,773,494</u>	<u>4,941,598</u>
2,810,283	1,855,320	4,665,603	( 134,972)
<u>108,965,076</u>	<u>47,810,604</u>	<u>156,775,680</u>	<u>12,498,429</u>
<u>\$ 111,775,359</u>	<u>\$ 49,665,924</u>	<u>\$ 161,441,283</u>	<u>\$ 12,363,457</u>

**CITY OF COLLEYVILLE, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

	General	Capital Projects	Debt Service
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,176,824	\$ 3,670,289	\$ 1,194,871
Investments	8,128,940	2,995,192	-
Receivables (net of allowances for uncollectible):			
Accounts	70,021	-	-
Taxes	230,398	-	49,962
Due from other funds	146,481	-	-
Due from other governments	508,719	-	374
Inventories	2,147	-	-
Accrued interest	9,335	2,011	-
	<u>\$ 12,272,865</u>	<u>\$ 6,667,492</u>	<u>\$ 1,245,207</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 595,276	\$ 98,498	\$ -
Accrued liabilities	316,926	-	6,338
Due to other funds	-	-	-
Deferred revenue	289,797	-	49,962
Advances from developers	46,848	140,888	-
Customer deposits	91,697	-	-
	<u>1,340,544</u>	<u>239,386</u>	<u>56,300</u>
Fund balances:			
Non-spendable	2,147	-	-
Restricted:			
Streets and drainage	-	6,428,106	-
Debt service	-	-	1,188,907
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Police	-	-	-
Committed:			
Strategic incentives	65,008	-	-
Sales tax incentives	641,934	-	-
Leisure services	-	-	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Recycling	-	-	-
Leisure services	-	-	-
Unassigned	10,223,232	-	-
	<u>10,932,321</u>	<u>6,428,106</u>	<u>1,188,907</u>
Total fund balances	<u>\$ 12,272,865</u>	<u>\$ 6,667,492</u>	<u>\$ 1,245,207</u>
Total liabilities and fund balances	<u>\$ 12,272,865</u>	<u>\$ 6,667,492</u>	<u>\$ 1,245,207</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of governmental activities

**The accompanying notes are an integral part of these financial statements.**

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 6,061,378	\$ 14,103,362
3,987,277	15,111,409
-	70,021
-	280,360
-	146,481
526,824	1,035,917
-	2,147
2,410	13,756
\$ 10,577,889	\$ 30,763,453
\$ 56,279	\$ 750,053
8,612	331,876
146,481	146,481
-	339,759
13,724	201,460
-	91,697
225,096	1,861,326
-	2,147
-	6,428,106
-	1,188,907
153,420	153,420
23,208	23,208
201,184	201,184
1,863,900	1,863,900
994,913	994,913
-	65,008
-	641,934
680,143	680,143
5,287,477	5,287,477
1,136,603	1,136,603
4,041	4,041
7,904	7,904
-	10,223,232
10,352,793	28,902,127
\$ 10,577,889	
	103,873,376
	329,011
	( 21,329,155)
	\$ 111,775,359

**CITY OF COLLEYVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b>REVENUES</b>			
Taxes	\$ 15,171,450	\$ -	\$ 2,042,683
Fees and fines	949,613	-	-
Licenses and permits	923,590	-	-
Intergovernmental	-	400,432	-
Charges for services	992,912	-	-
Capital improvement fees	-	281,260	-
Donations	-	-	-
Investment earnings	62,332	14,196	2,180
Miscellaneous	55,453	-	-
Total revenues	<u>18,155,350</u>	<u>695,888</u>	<u>2,044,863</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,343,065	-	-
Community development and engineering	1,278,136	-	-
Fire and rescue	3,837,229	-	-
Leisure services	2,681,251	1,018	-
Maintenance	405,911	-	-
Municipal court	256,115	-	-
Police	4,153,435	-	-
Streets and drainage	1,827,351	224,947	-
Debt service:			
Principal	-	-	1,959,004
Interest and other charges	-	-	494,125
Capital outlay	64,788	725,648	-
Total expenditures	<u>16,847,281</u>	<u>951,613</u>	<u>2,453,129</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER (UNDER) EXPENDITURES</b>	<u>1,308,069</u>	<u>( 255,725)</u>	<u>( 408,266)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from long-term debt, net	-	-	2,945,000
Payment to bond escrow agent	-	-	( 3,012,910)
Premium on bond issue	-	-	6,561
Sale of capital assets	7,098	-	-
Transfers in	858,879	370,787	503,952
Transfers out	<u>( 820,787)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>45,190</u>	<u>370,787</u>	<u>442,603</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,353,259	115,062	34,337
<b>FUND BALANCES, BEGINNING</b>	8,813,597	6,313,044	1,154,570
<b>CHANGE IN ACCOUNTING PRINCIPLE</b>	<u>765,465</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 10,932,321</u>	<u>\$ 6,428,106</u>	<u>\$ 1,188,907</u>

**The accompanying notes are an integral part of these financial statements.**

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 2,413,601	\$ 19,627,734
48,608	998,221
-	923,590
141,277	541,709
702,081	1,694,993
-	281,260
602,401	602,401
17,115	95,823
15,000	70,453
<u>3,940,083</u>	<u>24,836,184</u>
40,211	2,383,276
119,120	1,397,256
134,824	3,972,053
495,609	3,177,878
-	405,911
46,551	302,666
443,427	4,596,862
-	2,052,298
300,000	2,259,004
344,195	838,320
<u>1,719,591</u>	<u>2,510,027</u>
<u>3,643,528</u>	<u>23,895,551</u>
<u>296,555</u>	<u>940,633</u>
-	2,945,000
-	( 3,012,910)
-	6,561
-	7,098
724,778	2,458,396
<u>( 778,730)</u>	<u>( 1,599,517)</u>
<u>( 53,952)</u>	<u>804,628</u>
242,603	1,745,261
10,875,655	27,156,866
<u>( 765,465)</u>	<u>-</u>
<u>\$ 10,352,793</u>	<u>\$ 28,902,127</u>

**CITY OF COLLEYVILLE, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Amounts reported for governmental activities in the Statement of Activities (pages 28 - 29) are different because:

Net change in fund balances - total governmental funds:	\$ 1,745,261
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	( 1,088,260)
The net effect of transactions involving capital assets is to increase net assets.	( 33,035)
Revenues, in the statement of activities, that do not provide current financial resources, are not reported as revenues in the funds.	( 52,113)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	2,286,389
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	( <u>47,959</u> )
Change in net assets of governmental activities	\$ <u>2,810,283</u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF COLLEYVILLE, TEXAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 14,528,448	\$ 14,528,448	\$ 15,171,450	\$ 643,002
License and permits	588,611	588,611	923,590	334,979
Fines and forfeitures	897,949	897,949	949,613	51,664
Charges for services	841,840	841,840	992,912	151,072
Investment earnings	75,000	75,000	62,332	( 12,668)
Other	<u>55,400</u>	<u>55,400</u>	<u>55,453</u>	<u>53</u>
Total revenues	<u>16,987,248</u>	<u>16,987,248</u>	<u>18,155,350</u>	<u>1,168,102</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,504,287	2,504,287	2,343,065	161,222
Community development and engineering	1,233,773	1,373,773	1,278,136	95,637
Fire and rescue	3,870,839	3,870,839	3,837,229	33,610
Leisure services	2,866,969	2,866,969	2,681,251	185,718
Maintenance	430,675	430,675	405,911	24,764
Municipal court	261,487	261,487	256,115	5,372
Police	4,369,822	4,369,822	4,153,435	216,387
Streets and drainage	2,022,171	2,222,171	1,827,351	394,820
Capital outlay	<u>-</u>	<u>-</u>	<u>64,788</u>	<u>( 64,788)</u>
Total expenditures	<u>17,560,023</u>	<u>17,900,023</u>	<u>16,847,281</u>	<u>1,052,742</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 572,775)</u>	<u>( 912,775)</u>	<u>1,308,069</u>	<u>2,220,844</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	816,297	816,297	858,879	42,582
Transfers out	( 230,000)	( 530,000)	( 820,787)	( 290,787)
Sale of capital assets	<u>3,000</u>	<u>3,000</u>	<u>7,098</u>	<u>4,098</u>
Total other financing sources and uses	<u>589,297</u>	<u>289,297</u>	<u>45,190</u>	<u>( 244,107)</u>
<b>NET CHANGE IN FUND BALANCE</b>	16,522	( 623,478)	1,353,259	1,976,737
<b>FUND BALANCE, BEGINNING</b>	<u>8,813,597</u>	<u>8,813,597</u>	<u>8,813,597</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 8,830,119</u>	<u>\$ 8,190,119</u>	<u>\$ 10,166,856</u>	<u>\$ 1,976,737</u>

**The notes to the financial statements are an integral part of this statement.**

# CITY OF COLLEYVILLE, TEXAS

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

SEPTEMBER 30, 2011

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,884,211	\$ 940,132	\$ 5,824,343
Investments	3,657,780	119,558	3,777,338
Accounts receivable, net of allowances	2,489,155	107,749	2,596,904
Other assets	94,204	27,963	122,167
Inventories	127,565	-	127,565
Total current assets	<u>11,252,915</u>	<u>1,195,402</u>	<u>12,448,317</u>
Non-current assets:			
Accrued interest receivable	1,735	83	1,818
Capital assets:			
Land and improvement:			
Buildings	313,057	-	313,057
Utility system	53,922	-	53,922
Equipment and furniture	64,329,146	4,128,364	68,457,510
Construction in progress	1,084,242	511,152	1,595,394
Less accumulated depreciation	( 676,838)	( 41,492)	( 718,330)
Total non-current assets	<u>40,336,527</u>	<u>3,640,239</u>	<u>43,976,766</u>
Total assets	<u>51,589,442</u>	<u>4,835,641</u>	<u>56,425,083</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	978,928	1,911	980,839
Accrued liabilities	39,081	10,637	49,718
Accrued interest payable	23,487	6,723	30,210
Advances from developers	73,396	-	73,396
Escrow funds	26,613	-	26,613
Customer deposits	427,774	-	427,774
Compensated absences	14,390	3,162	17,552
Revenue bonds payable	750,000	205,000	955,000
Total current liabilities	<u>2,333,669</u>	<u>227,433</u>	<u>2,561,102</u>
Non-current liabilities:			
Compensated absences	57,560	12,647	70,207
Revenue bonds payable	2,790,013	1,337,837	4,127,850
Total non-current liabilities	<u>2,847,573</u>	<u>1,350,484</u>	<u>4,198,057</u>
Total liabilities	<u>5,181,242</u>	<u>1,577,917</u>	<u>6,759,159</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	36,794,779	2,097,319	38,892,098
Restricted for debt service	662,050	-	662,050
Unrestricted	8,951,371	1,160,405	10,111,776
Total net assets	<u>\$ 46,408,200</u>	<u>\$ 3,257,724</u>	<u>\$ 49,665,924</u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF COLLEYVILLE, TEXAS**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Total
<b>OPERATING REVENUES</b>			
Metered water sales	\$ 10,721,138	\$ -	\$ 10,721,138
Wastewater service charges	2,802,217	-	2,802,217
Drainage service charges	-	888,590	888,590
Other charges and services	801,716	14,499	816,215
Miscellaneous	30,347	-	30,347
Total operating revenues	14,355,418	903,089	15,258,507
<b>OPERATING EXPENSES</b>			
Personnel services	1,604,954	398,205	2,003,159
Maintenance and contractual services	8,316,414	122,804	8,439,218
Materials and supplies	199,310	30,040	229,350
Depreciation and amortization	1,830,690	132,132	1,962,822
Total operating expenses	11,951,368	683,181	12,634,549
<b>OPERATING INCOME</b>	2,404,050	219,908	2,623,958
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenues	36,492	2,182	38,674
Interest expense and fiscal charges	( 57,819)	( 58,979)	( 116,798)
Total non-operating revenues (expenses)	( 21,327)	( 56,797)	( 78,124)
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	2,382,723	163,111	2,545,834
Capital contributions	168,365	-	168,365
Transfers out	( 858,879)	-	( 858,879)
<b>CHANGE IN NET ASSETS</b>	1,692,209	163,111	1,855,320
<b>TOTAL NET ASSETS, BEGINNING</b>	44,715,991	3,094,613	47,810,604
<b>TOTAL NET ASSETS, ENDING</b>	\$ 46,408,200	\$ 3,257,724	\$ 49,665,924

**The accompanying notes are an integral part of these financial statements.**

**CITY OF COLLEYVILLE, TEXAS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 13,857,750	\$ 901,769	\$ 14,759,519
Cash paid to suppliers for goods and services	( 8,307,755)	( 182,311)	( 8,490,066)
Cash paid to employees for services	( 1,614,276)	( 394,184)	( 2,008,460)
Net cash provided by operating activities	<u>3,935,719</u>	<u>325,274</u>	<u>4,260,993</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	( 858,879)	-	( 858,879)
Net cash used for noncapital financing activities	<u>( 858,879)</u>	<u>-</u>	<u>( 858,879)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	( 348,978)	( 58,066)	( 407,044)
Principal paid on debt	( 979,987)	( 152,163)	( 1,132,150)
Interest paid on debt	( 57,819)	( 58,979)	( 116,798)
Net cash used for capital and related financing activities	<u>( 1,386,784)</u>	<u>( 269,208)</u>	<u>( 1,655,992)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase (sale) of investments	( 1,076,373)	172	( 1,076,201)
Earnings on investments	<u>36,492</u>	<u>2,182</u>	<u>38,674</u>
Net cash provided (used) by investing activities	<u>( 1,039,881)</u>	<u>2,354</u>	<u>( 1,037,527)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	650,175	58,420	708,595
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>4,234,036</u>	<u>881,712</u>	<u>5,115,748</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 4,884,211</u>	<u>\$ 940,132</u>	<u>\$ 5,824,343</u>

(continued)

**CITY OF COLLEYVILLE, TEXAS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Enterprise Funds		
	Water and Wastewater	Drainage Utility	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	\$ 2,404,050	\$ 219,908	\$ 2,623,958
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization expense	1,787,659	104,169	1,891,828
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	( 537,291)	( 1,320)	( 538,611)
Inventory	36,327	-	36,327
Accrued interest receivable	154	2	156
Increase (decrease) in liabilities:			
Accounts payable	242,306	1,719	244,025
Accrued liabilities	( 4,595)	1,960	( 2,635)
Compensated absences payable	( 4,727)	2,061	( 2,666)
Customer deposits	13,010	-	13,010
Escrow funds	26,613	-	26,613
Accrued interest payable	( 27,787)	( 3,225)	( 31,012)
Net cash provided by operations	<u>\$ 3,935,719</u>	<u>\$ 325,274</u>	<u>\$ 4,260,993</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets	\$ 168,365	\$ -	\$ 168,365

**The notes to the financial statements are an integral part of this statement.**

**CITY OF COLLEYVILLE, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2011**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ <u>23,869</u>
Total assets	\$ <u>23,869</u>
<b>LIABILITIES</b>	
Due to other agencies and individuals	\$ <u>23,869</u>
Total liabilities	\$ <u><u>23,869</u></u>

**The accompanying notes are an integral part of these financial statements.**

# CITY OF COLLEYVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Colleyville Home Rule Charter was adopted by the voters at an election held on January 15, 1977. The City operates under a Council-Manager form of government.

The accounting policies of the City of Colleyville, Texas (the "City") conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies:

#### A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each directly presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended component unit has a September 30 year-end.

Blended Component Unit – The Colleyville Economic Development Corporation (CEDC) was incorporated on September 3, 1996, as a nonprofit industrial development corporation under the Development Corporation Act of 1979 ("Act"). The CEDC operates under a seven (7) member Board of Directors appointed by the City Council. Each of the directors shall be a resident of the City. The Corporation is organized exclusively for the purposes of benefiting and accomplishing public purposes of and to act on behalf of, the City, and the specific purposes for which the Corporation is organized. This includes municipal park improvements, the purchase of land and improvements for additional neighborhood parks, the construction of a community center and library. Although it is legally separate from the City, the CEDC is reported as if it were part of the primary government, because CEDC is financing public improvements and the City is the primary beneficiary of the services provided.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### A. Reporting Entity (Continued)

Blended Component Unit – Colleyville Crime Control and Prevention District (the District) was formed under Chapter 363 of the Texas Local Government Code, the Crime Control and Prevention District Act. The District is organized to act on behalf of the City for financing, development of crime control throughout the City. The District is governed by a seven-member board consisting of all members of the City Council. The District is reported as a part of the primary government because it provides services entirely for the City.

Discretely Presented Component Unit – Colleyville Tax Increment Financing Reinvestment Zone Number One (the TIF) was formed to make public improvements, under the authority of the Tax Increment Financing Act. The TIF is governed by a nine-member board consisting of five members appointed by the City Council and one member each appointed by the four other participating taxing entities. The primary government appoints a voting majority of the unit's governing body and the City has a potential economic benefit from this unit. Therefore, the TIF is presented in the accompanying financial statements as a discretely presented component unit. Complete financial statements for the TIF may be obtained from the City of Colleyville Finance Department, 100 Main Street, Colleyville, Texas 76034.

### B. Government-wide Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for Agency Funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

### **GOVERNMENTAL FUNDS**

**Governmental Funds** are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund type) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's governmental fund types:

The City reports the following major governmental funds:

The **General Fund** – is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Debt Service Fund** – is used to account for the acquisition of resources for, and the payment of, general long-term debt principal and interest, and related costs.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(Continued)

**GOVERNMENTAL FUNDS** (Continued)

The **Capital Projects Fund** – is used to account for financial resources to be used for the acquisition or construction of general major capital facilities. Financing is provided primarily by the sale of general obligation bonds and developer contributions.

Additionally, the City also reports the following fund type:

The **Special Revenue Fund** – accounts for the revenues and expenditures associated with a special project or purpose.

**PROPRIETARY FUNDS**

**Proprietary Funds** are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance.

The City reports the following major proprietary funds:

The **Water and Wastewater Fund** – is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. This fund is used to account for water and wastewater operations.

The **Drainage Utility Fund** – is used to account for the establishment and maintenance of drainage facilities within the municipal boundaries of the City. All activities necessary to provide such facilities are accounted for in this fund, included but not limited to, administration, operations, maintenance, billing and collections.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

#### *FIDUCIARY FUNDS*

Agency Fund – *Fiduciary Funds* are used to account for assets held by the City in a trustee capacity or as an agent on behalf of others. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The City has two agency funds: Employee Activity and the Sesquicentennial Fund. These funds are held for the benefit of City employees and to benefit the City's historical purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

### D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (investments with original maturities less than 90 days, including restricted assets) to be cash equivalents.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Investments

In accordance with GASB Statement No. 31, the City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

### F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 30 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to one percent of outstanding property taxes at September 30, 2011.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

### G. Inventories

Inventories in the Enterprise Fund are valued at cost (first-in, first-out method).

### H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

(continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 50
Improvements	20 - 50
Equipment	5 - 10
Infrastructure (streets and drainage)	50
Water distribution/sewer collection	5 - 40

**I. Other Assets – Enterprise Fund**

Other assets consist of expenses incurred in connection with the issuance of certain outstanding revenue bonds. Such charges are amortized on a straight-line basis over the lives of the bonds.

**J. Compensated Absences**

City employees are granted vacation and sick pay in varying amounts. In the event of termination, an employee is paid for all accumulated, unused vacation. Vacation pay is accrued as it vests to the employee. Sick pay is recorded when paid or upon retirement when a maximum of 90 days is paid. The accrued sick pay is not recorded, as the City's policy is not to compensate employees upon separation of services with the City, except for retirement, and such amounts are not considered material. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

**K. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, the face amount of debt issued is reported as other financing sources for the governmental fund types.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are charged to current operations rather than being deferred and amortized due to the relatively immaterial effect on the basic financial statements taken as a whole.

**(continued)**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### L. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City's Assistant City Manager/Chief Financial Officer.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

### M. Minimum Unassigned Fund Balance

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to three months of that year's budgeted expenditures for both the General and Utility Funds. The City Council may declare a fiscal emergency and withdraw any amount of the unassigned General and Utility Funds' balances for purposes of addressing the fiscal emergency. Any such action must also provide for necessary appropriations to restore the designated fund balance to the balance within a three-year period.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**O. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

**P. Risk Management**

Insurance coverage for property, liability and workers' compensation is provided by the Texas Municipal League Intergovernmental Risk Pool, a state insurance pool. Contributions to the Risk Pool for workers' compensation are based on the City's past claims history. The Risk Pool is self-sustaining through members' contributions and maintains insurance to limit risk of loss with an external insurance company. Settlement claims have not exceeded aggregate limits in the past three fiscal years.

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, "Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(21,329,155) difference are as follows:

Bonds payable	\$( 20,376,491)
Less: deferred costs on issuance costs	222,335
Capital leases payable	( 972,170)
Accrued interest payable	( 131,976)
Compensated absences	<u>( 70,853)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$( 21,329,155)</u>

(continued)

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
(Continued)

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(1,088,260) difference are as follows:

Capital outlay	\$ 2,510,027
Depreciation expense	<u>( 3,598,287)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ ( 1,088,260)</u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(52,113) difference are as follows:

Property taxes	\$( 44,190)
Ambulance revenue	( 8,327)
Adjudicated fines	<u>404</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ ( 52,113)</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.” Neither transaction, however, has any effect on net assets. The details of this \$2,286,389 difference are as follows:

Principal payments and refundings	\$( 2,951,561)
Issuance of debt	<u>5,237,950</u>
Net adjustment to reduce <i>fund balance -total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 2,286,389</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.” The details of this \$(47,959) difference are as follows:

Compensated absences	\$( 70,853)
Accrued interest	<u>22,894</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ ( 47,959)</u>

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Information

The City Council follows these procedures in establishing budgetary data reflected in the basic financial statements:

- (1) Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- (5) Formal budgetary integration is employed as a management control device during the year for the General, Debt Service, and Enterprise Funds. Budgetary control is maintained at the fund level.

Internal budgets are prepared and reviewed by the City Council for expenditures of Special Revenue Funds. These budgeted expenditures are not formally adopted by the City Council. No budgets were prepared for revenue of these funds for the year ended September 30, 2011.

- (6) Budgets for the General and the Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Formal budgeted amounts are as amended by the City Council for the General, Debt Service and Enterprise Funds.
- (7) Budgetary data for the Capital Projects Fund has not been presented in the accompanying basic financial statements, as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Fund is not employed and comparison of actual results of operations to budgetary data for such fund is not presented.
- (8) Budgetary data for the Enterprise and Drainage Utility Funds has not been presented since the reporting on such budgets is not legally required.

#### **Expenditures Over Appropriations**

General Fund expenditures capital outlay exceeded appropriations by \$64,788. This overage was funded by under spending in other functions.

#### 4. DETAILED NOTES ON ALL FUNDS

##### Deposits and Investments

As of September 30, 2011, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
LOGIC	\$ 23,713,124	46
U. S. Treasuries and Agencies	<u>20,379,181</u>	296
Total fair value	<u>\$ 44,092,305</u>	

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

The City's investment pools are 2a7-like pools. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**Interest Rate Risk.** In accordance with its investment policy, the government manages its exposure to declines in fair market values by limiting the average dollar weighted maturity of its investment portfolios to a maximum of 180 days.

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Deposits and Investments** (Continued)

**Custodial Credit Risk.** In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2011, \$166,777 of the City's \$416,777 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$250,000, was covered by FDIC insurance.

**Credit Risk.** It is the City's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City's investment pools are rated as follows by Standard & Poor's Investors Service.

LOGIC	AAAm
U. S. Treasuries and Agencies	AA+

**Receivables**

Receivables as of year-end for the government's individual major funds, nonmajor funds and enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>				<u>Enterprise Funds</u>		<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Water and Wastewater</u>	<u>Drainage Utility</u>	
Receivables:							
Accounts	\$ 477,454	\$ -	\$ -	\$ -	\$ 2,530,106	\$ 107,749	\$ 3,115,309
Taxes	230,398	-	49,962	-	-	-	280,360
Due from other governments	508,719	-	374	526,824	-	-	1,035,917
Accrued interest	9,335	2,011	-	2,410	-	-	13,756
Gross receivables	1,225,906	2,011	50,336	529,234	2,530,106	107,749	4,445,342
Less: allowance for uncollectibles	( 407,433)	-	-	-	( 40,951)	-	( 448,384)
Net total receivables	\$ <u>818,473</u>	\$ <u>2,011</u>	\$ <u>50,336</u>	\$ <u>529,234</u>	\$ <u>2,489,155</u>	\$ <u>107,749</u>	\$ <u>3,996,958</u>

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Receivables** (Continued)

Governmental funds report *deferred revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General fund		
Delinquent property taxes receivable	\$ 230,398	\$ -
Ambulance charges for services	33,568	-
Municipal court fines	15,083	-
Other	<u>-</u>	<u>10,748</u>
Total general fund	<u>279,049</u>	<u>10,748</u>
Debt service fund		
Delinquent property taxes receivable	<u>49,962</u>	<u>-</u>
Total debt service fund	<u>49,962</u>	<u>-</u>
Total governmental funds	<u>\$ 329,011</u>	<u>\$ 10,748</u>

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property and certain personal property located in the City. Tax liens attach as of January 1. The assessed value, net of exemptions, upon which the fiscal 2011 levy was based, was \$3,756,177,552.

Property taxes are limited by the Texas constitution to \$2.50 per \$100 of assessed valuation and by City Charter to \$1.50 per \$100 valuation. Also, the tax rate set per budget year shall not result in property tax revenue increase greater than seven percent of the total property tax revenue collected in the preceding budget year, adjusted for new construction, unless authorized by the voters of the City at a special election. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2011, was \$.3559 per \$100 of assessed valuation.

Taxes are due by January 31 following the levy date. Tax collections, including related penalties and interest, was \$13,185,502 for the year ended September 30, 2011. Property taxes receivable at September 30, 2011, were \$280,360.

The appraisal of property within the City is the responsibility of a countywide appraisal district as required by legislation passed by the Texas Legislature. The appraisal district is required under such legislation to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets**

Capital asset activity for the year ended September 30, 2011, was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 9,293,654	\$ -	\$ -	\$ 9,293,654
Construction in progress	<u>1,215,375</u>	<u>-</u>	<u>( 36,920)</u>	<u>1,178,455</u>
Total assets not being depreciated	<u>10,509,029</u>	<u>-</u>	<u>( 36,920)</u>	<u>10,472,109</u>
Capital assets, being depreciated:				
Buildings and improvements	43,607,745	1,375,648	( 103,079)	44,880,314
Machinery and equipment	9,180,666	231,460	( 21,765)	9,390,361
Infrastructure	<u>76,031,518</u>	<u>928,366</u>	<u>-</u>	<u>76,959,884</u>
Total capital assets being depreciated	<u>128,819,929</u>	<u>2,535,474</u>	<u>( 124,844)</u>	<u>131,230,559</u>
Less accumulated depreciation:				
Buildings and improvements	( 10,240,919)	( 1,412,198)	81,517	( 11,571,600)
Machinery and equipment	( 6,006,453)	( 646,291)	21,765	( 6,630,979)
Improvements other than buildings	<u>( 18,086,915)</u>	<u>( 1,539,798)</u>	<u>-</u>	<u>( 19,626,713)</u>
Total accumulated depreciation	<u>( 34,334,287)</u>	<u>( 3,598,287)</u>	<u>103,282</u>	<u>( 37,829,292)</u>
Total capital assets being depreciated, net	<u>94,485,642</u>	<u>( 1,062,813)</u>	<u>( 21,562)</u>	<u>93,401,267</u>
Governmental activities capital assets, net	<u>\$ 104,994,671</u>	<u>\$ ( 1,062,813)</u>	<u>\$ ( 58,482)</u>	<u>\$ 103,873,376</u>

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 313,057	\$ -	\$ -	\$ 313,057
Construction in progress	479,280	296,959	( 57,909)	718,330
Total assets not being depreciated	<u>792,337</u>	<u>296,959</u>	<u>( 57,909)</u>	<u>1,031,387</u>
Capital assets, being depreciated:				
Buildings and improvements	53,922	-	-	53,922
Machinery and equipment	1,587,562	7,832	-	1,595,394
Improvements other than buildings	68,134,647	322,864	-	68,457,511
Total capital assets being depreciated	<u>69,776,131</u>	<u>330,696</u>	<u>-</u>	<u>70,106,827</u>
Less accumulated depreciation:				
Buildings and improvements	( 47,084)	( 622)	-	( 47,706)
Machinery and equipment	( 2,297,011)	( 118,851)	-	( 2,415,862)
Improvements other than buildings	( 22,929,330)	( 1,770,368)	-	( 24,699,698)
Total accumulated depreciation	<u>( 25,273,425)</u>	<u>( 1,889,841)</u>	<u>-</u>	<u>( 27,163,266)</u>
Total capital assets being depreciated, net	<u>44,502,706</u>	<u>( 1,559,145)</u>	<u>-</u>	<u>42,943,561</u>
Business-type activities capital assets, net	<u>\$ 45,295,043</u>	<u>\$( 1,262,186)</u>	<u>\$( 57,909)</u>	<u>\$ 43,974,948</u>
<b>Component unit:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 4,183,699	\$ 270,111	\$ -	\$ 4,453,810
Total assets not being depreciated	<u>4,183,699</u>	<u>270,111</u>	<u>-</u>	<u>4,453,810</u>
Capital assets, being depreciated:				
Improvements other than buildings	\$ 1,800,940	\$ -	\$ -	\$ 1,800,940
Total capital assets being depreciated	<u>1,800,940</u>	<u>-</u>	<u>-</u>	<u>1,800,940</u>
Less accumulated depreciation:				
Improvements other than buildings	\$( 72,038)	\$( 36,019)	\$ -	\$( 108,057)
Total accumulated depreciation	<u>( 72,038)</u>	<u>( 36,019)</u>	<u>-</u>	<u>( 108,057)</u>
Total capital assets being depreciated, net	<u>1,728,902</u>	<u>( 36,019)</u>	<u>-</u>	<u>1,692,883</u>
Component unit capital assets, net	<u>\$ 5,912,601</u>	<u>\$ 234,092</u>	<u>\$ -</u>	<u>\$ 6,146,693</u>

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets** (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government		\$ 296,708
Fire and rescue		434,054
Leisure services		1,001,770
Maintenance		5,029
Police		263,384
Streets and drainage		<u>1,597,342</u>
Total depreciation expense - governmental activities		<u>\$ 3,598,287</u>
Business-type activities:		
Water and wastewater		\$ 1,761,222
Drainage utility		<u>128,619</u>
Total depreciation expense - business-type activities		<u>\$ 1,889,841</u>

**Construction Commitments**

The government has active construction projects as of September 30, 2011. The major projects are listed as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Cotton Belt Trail Phase II	\$ <u>670,455</u>	\$ <u>119,924</u>
Total	\$ <u>670,455</u>	\$ <u>119,924</u>

**Interfund Receivables, Payables and Transfers**

Interfund receivables and payables at September 30, 2011, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ <u>146,481</u>
Total		\$ <u>146,481</u>

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Interfund Receivables, Payables and Transfers (Continued)**

The composition of interfund balances as of September 30, 2011, is as follows:

**Interfund Transfers**

	Transfer In				Total
	General	Capital Projects	Debt Service	Nonmajor Government Funds	
Transfer Out:					
General	\$ -	\$ 370,787	\$ -	\$ 450,000	\$ 820,787
Nonmajor governmental	-	-	503,952	274,778	778,730
Water and wastewater	<u>858,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>858,879</u>
Total Transfers Out	<u>\$ 858,879</u>	<u>\$ 370,787</u>	<u>\$ 503,952</u>	<u>\$ 724,778</u>	<u>\$ 2,458,396</u>

The transfer of \$858,879 from the Utility Fund to the General Fund represents the 2011 Administrative transfer and the franchise fee based on gross water and wastewater revenue of the prior year's audited financial statements. The transfer of \$370,787 from the General Fund to the Capital Projects and nonmajor governmental funds represents transfers for capital replacement. The transfer of \$503,952 from the Crime District to the Debt Service Fund is for the repayment of debt. All principal and interest is paid from the Debt Service Fund's bank account.

**Long-term Liabilities**

**General Obligation Bonds**

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$34,030,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	3.64% - 4.2%	\$ <u>19,781,278</u>
		\$ <u>19,781,278</u>

(continued)

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Liabilities** (Continued)

**General Obligation Bonds (Continued)**

Long-term liability activity for the year ended September 30, 2011, was as follows:

	Balance September 30, 2010	Additions	Retirements	Refunded	Balance September 30, 2011	Amounts Due Within One Year
<b><u>Governmental activities</u></b>						
General obligation bonds and certificates of obligation	\$ 13,300,000	\$ 2,945,000	\$ 1,780,000	\$ 2,955,000	\$ 11,510,000	\$ 1,535,000
Premium on bonds	-	6,561	656	-	5,905	-
Deferred loss on refunding	-	( 57,910)	( 5,791)	-	( 52,119)	-
Sales tax revenue bonds	8,572,824	-	301,546	-	8,271,278	315,000
Capital lease obligations	1,151,173	-	179,003	-	972,170	157,583
Compensated absences	641,427	560,344	489,491	-	712,280	142,456
Total governmental activities	<u>23,665,424</u>	<u>3,453,995</u>	<u>2,744,905</u>	<u>2,955,000</u>	<u>21,419,514</u>	<u>2,150,039</u>
<b><u>Business-type activities</u></b>						
Revenue bonds and certificates of obligation	6,215,000	4,670,000	925,000	4,810,000	5,150,000	955,000
Premium on bonds	-	99,756	-	-	99,756	-
Loss on refunding	-	( 166,906)	-	-	( 166,906)	-
Compensated absences	90,425	149,618	152,284	-	87,759	17,552
Total business-type activities	<u>6,305,425</u>	<u>4,752,468</u>	<u>1,077,284</u>	<u>4,810,000</u>	<u>5,170,609</u>	<u>972,552</u>
Total primary government	<u>\$ 29,970,849</u>	<u>\$ 8,206,463</u>	<u>\$ 3,822,189</u>	<u>\$ 7,765,000</u>	<u>\$ 26,590,123</u>	<u>\$ 3,122,591</u>
<b><u>Component unit</u></b>						
Tax increment financing fund revenue bonds	\$ 5,850,000	\$ 5,255,000	\$ 470,000	\$ 5,340,000	\$ 5,295,000	\$ 530,000
Bond premium	-	167,804	-	-	167,804	-
Loss on refunding	-	( 41,792)	-	-	( 41,792)	-
Total component unit	<u>\$ 5,850,000</u>	<u>\$ 5,381,012</u>	<u>\$ 470,000</u>	<u>\$ 5,340,000</u>	<u>\$ 5,421,012</u>	<u>\$ 530,000</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Liabilities** (Continued)

Governmental activities long-term liabilities at September 30, 2011, consisted of the following:

General obligation bonds and certificates of obligation serviced by property tax revenue:

\$3,000,000 Series 2002 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Bonds due in annual installments of \$110,000 to \$170,000 through February 15, 2012; interest at 4.20% to 4.70%.	\$ 115,000
\$4,895,000 Series 2006 General Obligation Refunding bonds due in annual installments of \$25,000 to \$540,000 through February 15, 2019; interest at 3.64%.	4,025,000
\$4,575,000 Series 2007 General Obligation Bonds due in annual installments of \$50,000 to \$555,000 through February 15, 2027; interest at 4.00% to 5.00%.	4,425,000
\$2,945,000 Series 2011 General Obligation Refunding Bonds due in annual installments of \$135,000 to \$800,000 through February 15, 2020; interest at 2.00% to 4.00%.	<u>2,945,000</u>
Total General Obligation Bonds and Certificates of Obligation	<u>\$ 11,510,000</u>
\$9,570,000 Series 2005 Colleyville Economic Development Corporation Refunding and Improvement Sales Tax Revenue Bonds due in annual installments of \$20,000 to \$635,000 through February 15, 2029; interest at 4.10%	\$ 8,245,000
Unamortized gain on refunding	<u>26,278</u>
Total Revenue Bonds	<u>\$ 8,271,278</u>

The funds utilized for the repayment of long-term liabilities for governmental activities are the Debt Service Fund, the Crime District Fund and the Colleyville Economic Development Corporation.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Liabilities** (Continued)

The City's defeased debt as of September 30, 2011, was \$13,399,035.

Business-type activities long-term liabilities at September 30, 2011, consisted of the following:

Water and Wastewater Fund:

\$2,580,000 Series 2002 Waterworks and Wastewater System Revenue Bonds due in annual installments of \$130,000 to \$255,000 through January 1, 2012; interest at 2.00% - 4.00%.	\$ 245,000
\$1,710,000 Series 2004 Waterworks and Wastewater System Refunding Bonds due in annual installments of \$150,000 to \$195,000 through January 1, 2014; interest at 3.73%.	565,000
\$3,120,000 Series 2010 Waterworks and Wastewater System Refunding Bonds due in annual installments of \$155,000 to \$580,000 through January 1, 2018; interest at 2.00% - 3.00%.	<u>2,790,000</u>
Total Water and Wastewater Fund	<u>\$ 3,600,000</u>

Drainage Utility Fund:

\$1,550,000 Series 2011 Waterworks and Wastewater System Refunding Bonds due in annual installments of \$105,000 to \$225,000 through February 15, 2021; interest at 3.47%.	<u>1,550,000</u>
Total Drainage Utility Fund	<u>\$ 1,550,000</u>
Total Business-type activities	<u>\$ 5,150,000</u>

The ordinances authorizing the issuance of Waterworks and Wastewater System Revenue Bonds created the Interest and Sinking Fund and Reserve Fund. The gross revenue of the waterworks and wastewater system, after deduction of reasonable expenses of operations and maintenance, are pledged to such funds in amounts equal to the total annual principal and interest requirements of the bonds and amounts required to maintain the Reserve Fund. At September 30, 2011, the City was in compliance with these requirements.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Liabilities** (Continued)

The City's component unit, the Tax Increment Financing District, long-term liabilities at September 30, 2011, consisted of the following:

Tax Increment Financing District		
\$680,000 Series 2002 Tax and Tax Increment Revenue Certificates of Obligation due in installments of \$25,000 to \$40,000 beginning in 2004 through February 15, 2012; interest at 4.00% to 5.00%.		\$ 40,000
\$5,255,000 Series 2011 Refunding Bonds due in installments of \$490,000 to \$665,000 beginning in 2012 through February 15, 2020; interest at 2.0% to 4.0%.		<u>5,255,000</u>
Total Tax Increment Financing District		<u>\$ 5,295,000</u>

**Governmental Activities**

<u>September 30,</u>	General Obligation Bonds and Certificates of Obligation		Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,535,000	\$ 377,851	\$ 315,000	\$ 331,588
2013	1,300,000	338,134	330,000	318,365
2014	1,015,000	305,948	340,000	304,630
2015	740,000	278,384	355,000	290,383
2016	770,000	251,258	375,000	275,418
2017-2021	3,190,000	849,495	2,105,000	1,129,858
2022-2026	2,405,000	361,100	2,590,000	650,055
2027-2030	<u>555,000</u>	<u>11,100</u>	<u>1,835,000</u>	<u>114,698</u>
	<u>\$ 11,510,000</u>	<u>\$ 2,773,270</u>	<u>\$ 8,245,000</u>	<u>\$ 3,414,995</u>

**Business-type Activities**

<u>September 30,</u>	Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 955,000	\$ 133,240
2013	975,000	105,852
2014	995,000	79,704
2015	685,000	57,947
2016	450,000	42,446
2017-2021	1,090,000	64,535
2022-2025	<u>-</u>	<u>-</u>
	<u>\$ 5,150,000</u>	<u>\$ 483,724</u>

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Long-term Liabilities** (Continued)

**Discretely Presented Component Unit -  
Tax Increment Financing Fund**

<u>September 30,</u>	Revenue Bonds	
	Principal	Interest
2012	\$ 530,000	\$ 247,718
2013	540,000	224,980
2014	555,000	200,942
2015	565,000	175,256
2016	585,000	97,425
2017-2020	2,520,000	193,775
	\$ 5,295,000	\$ 1,140,096

**Advance Refundings**

The government issued \$2,945,000 of general obligation refunding bonds to provide resources to purchase U. S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$2,945,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$57,910. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$177,038 and resulted in an economic gain of \$106,736.

The government issued \$3,120,000 of revenue refunding bonds to provide resources to purchase U. S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$3,300,000 of revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$159,743. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 8 years by \$548,188 and resulted in an economic gain of \$242,643.

(continued)

#### 4. **DETAILED NOTES ON ALL FUNDS** (Continued)

##### **Advance Refundings** (Continued)

###### **Component Unit**

The government issued \$5,255,000 of combination tax and revenue refunding bonds to provide resources to purchase U. S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$5,340,000 of revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$41,792. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$596,598 and resulted in an economic gain of \$445,446.

##### **Current Refundings**

In addition, the government issued \$1,550,000 of revenue bonds for a current refunding of \$1,510,000 of revenue bonds of the Drainage Utility. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$7,163. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt. The transaction also resulted in an economic gain of \$58,987 and a reduction of \$52,553 in future debt service payments.

##### **Prior Year's Debt Defeasance**

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U. S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of September 30, 2011, the amount of defeased debt outstanding amounted to \$2,175,000.

##### **Capital Leases**

The City has entered into lease agreements as lessee for financing and acquisition of equipment for the Fire Department. These lease agreements qualify as capital leases for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Leases** (Continued)

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Asset:		
Machinery and equipment	\$ 1,645,404	\$ 71,077
Less: accumulated depreciation	<u>( 527,797)</u>	<u>( 53,457)</u>
Total	<u>\$ 1,117,607</u>	<u>\$ 17,620</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2012	\$ 204,739	\$ -
2013	166,562	-
2014	166,562	-
2015	166,562	-
2016	116,839	-
2017-2021	<u>350,517</u>	<u>-</u>
Total minimum lease payments	1,171,781	-
Less: amount representing interest	<u>( 199,611)</u>	<u>-</u>
Present value of minimum lease payments	<u>\$ 972,170</u>	<u>\$ -</u>

**Employees' Retirement System**

**Plan Description**

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Employees' Retirement System (Continued)**

**Plan Description (Continued)**

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2010</u>	<u>Plan Year 2011</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI

**Contributions**

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/09	\$ 1,360,993	100%	-
09/30/10	1,558,614	100%	-
09/30/11	1,220,839	100%	-

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Employees' Retirement System (Continued)**

**Contributions (Continued)**

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Actuarial Valuation Date	12/31/08	12/31/09	Prior to restructuring 12/31/10	Restructured 12/31/10
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Asset valuation method	Amortized cost	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:				
Investment rate of return	7.5%	7.5%	7.5%	7.0%
Projected salary increases	varies by age and service	varies by age and service	varies by age and service	varies by age and service
Inflation	3.0%	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%	2.1%
GASB 25 Equivalent Single amortization period	29.0 years; closed period	28.0 years; closed period	24.9 years; closed period	38.3 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years	25 years

**Funding Status and Fund Progress**

In June 2011, SSB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects of TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

(continued)

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### Employees' Retirement System (Continued)

##### **Funding Status and Fund Progress** (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

##### **Schedule of Funding Information**

The funded status as of December 31, 2010, the most recent actuarial valuation date, is as follows:

Actual Valuation Date	12/31/10 <sup>(1)</sup>	12/31/10 <sup>(2)</sup>	12/31/09	12/31/08
Actuarial value of assets	\$ 25,892,282	\$ 35,451,160	\$ 24,573,182	\$ 23,644,963
Actuarial accrued liability	28,557,674	34,974,234	32,867,149	31,826,557
Percent funded	90.7%	101.4%	74.8%	74.3%
Unfunded (overfunded) actuarial accrued liability (UAAL)	2,665,392	( 476,926)	8,293,967	8,181,594
Annual covered payroll	10,125,274	10,125,274	10,436,294	10,348,960
UAAL as a percentage of covered payroll	26.3%	( 4.7%)	79.5%	79.1%

<sup>(1)</sup> Actuarial valuation performed under the original fund structure.

<sup>(2)</sup> Actuarial valuation performed under the new structure.

##### Water and Wastewater Contracts

The City has two contracts with the Trinity River Authority of Texas (TRA) for the purchase of treated water and for the transportation, treatment and disposal of sanitary sewage and other waste. The initial terms of the contracts are 35 and 50 years, and they expire in 2014 and 2023. While the provisions of each of the contracts vary, each contract basically requires the City to pay varying amounts based on the costs associated with water purchased and sewage transported and/or treated and disposed. The cost includes the City's proportionate share of TRA's operating and maintenance expenses, related debt service costs, and certain other miscellaneous charges. Purchases of treated water and charges for the transportation, treatment and disposal of sewage and other wastes during fiscal year 2011 amounted to approximately \$6,492,680 and \$1,352,939, respectively.

##### Advances from Developers

Developers are required by ordinance to construct perimeter streets and related storm drainage facilities. The developer may request a waiver from the Council for the construction requirements and instead deposit escrow funds with the City equal to one-half of the estimated cost of construction, which are utilized by the City to complete the project at some later date. At September 30, 2011, developers had escrowed \$301,469 with the City in connection with developer agreements.

(continued)

#### **4. DETAILED NOTES ON ALL FUNDS (Continued)**

##### **Contingent Liabilities**

The City has been named as a defendant or co-defendant in a number of legal actions. While the outcome of these cases is not known at this time, City management believes that any awards to insured parties which must be paid in excess of amounts covered by insurance will not be material to the financial position of the City.

##### **Change in Accounting Principles**

For fiscal year 2011, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the City reclassifying fund balances of its governmental funds.

##### **Risk Financing and Insurance**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 1974, the City joined the Texas Municipal League Workers Compensation Joint Insurance Fund for risks related to employees. During the fiscal year 1992, the City joined the Texas Municipal League Joint Insurance Fund for risks related to general liability, property and errors and omissions. Premiums are paid to the Pool, which retains a limit of loss. Reinsurance companies insure the risks beyond those limits. The City retains, as a risk, only the deductible amount of each policy. There have been no significant reductions in insurance coverage and no settlements exceeded insurance coverage in the past three fiscal years.

##### **Other Postemployment Benefits**

###### **Supplemental Death Benefits Fund**

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Other Postemployment Benefits** (Continued)

**Supplemental Death Benefits Fund** (Continued)

The City's contributions to the TMRS 508F for the years ended 2011, 2010 and 2009 were \$9,752, \$10,162 and \$10,611, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates			
<u>Accounting Year Ending</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
09/30/09	.01%	.01%	100%
09/30/10	.01%	.01%	100%
09/30/11	.01%	.01%	100%

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Special Revenue Funds* are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*Voluntary Park* – This fund is used to account for the operations for which voluntary contributions by citizens are used. Contributions are used primarily to support park activities.

*Voluntary Library* – This fund is used to account for the operations for which voluntary contributions by citizens are used. Contributions are used primarily to support library activities.

*Police Asset Forfeiture* – This fund is used to account for activity related to seizure of assets in criminal-related activities.

*Tree Preservation* – This fund is used to account for operations related to replacement of trees, which are eliminated due to commercial development. Contributions are received from entities that are developing the property.

*Library Donation* – This fund is used to account for private and corporate donations for capital purchases related to the library building for the City.

*Recreational Event* – This fund is used to account for activities related to athletic events for the City.

*Colleyville Center Development* – This fund is used to account for contributions received to construct a community center.

*Recycling* – This fund is used to account for the promotion of recycling activities in the City of Colleyville. Contributions are received from the holder of the City's recycling franchise.

*LEOSE (Law Enforcement Officer Standards and Education)* – This fund is used to account for activities related to the continuing education of qualified law enforcement officers as funded by the State of Texas LEOSE Account.

*Colleyville Economic Development* – This fund is used to account for the use of bond proceeds and sales tax revenues for municipal park improvements, the purchase of land and equipment for additional neighborhood parks and for the construction of a community center and library.

*Crime District* – This fund is used to account for the Colleyville Crime Control and Prevention District formed to act on behalf of the City for financing the development of crime control throughout the City.

***Kidsville Maintenance*** – This fund is used to account for contributions received for the maintenance of Kidsville Playground.

***Special Donations*** – This fund is used to account for various donations made to the City for specific projects.

***Court Technology*** – This fund is used to account for the collection and use of fines collected to be specifically used on technology for the court.

***Court Security*** – This fund is used to account for the collection and use of fines collected to be specifically used for security purposes.

***TDPA Grant*** – This fund is used to account for grant proceeds received for the acquisition of equipment and expenditures relating to fire and rescue.

***Public Art*** – This fund is used to account for the acquisition of art to be placed in City owned facilities with high public visibility.

## **CAPITAL PROJECTS FUNDS**

***Capital Projects Funds*** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

***Colleyville Tomorrow Fund*** – is used to account for proceeds received on gas leases on City-owned property to be used for capital purchases.

***Parks Tomorrow Fund*** – This fund is used to account for proceeds received on gas leases on City-owned parks property for parks capital projects.

***Parkland Dedication Fund*** – This fund is used to account for the acquisition of land for new park sites and to make improvements to or expand existing parks to better serve new development. Fees collected from the developers of residential and commercial development finance the improvements.

***Colleyville Economic Development Corporation (CEDC)*** – This fund is used to account for financial resources to be used for the acquisition of construction of CEDC capital facilities. Financing is provided primarily by the revenue from certificate of obligation bonds.

***Capital and Cable Equipment Replacement*** – This fund is used to account for the replacement of cable equipment and other capital equipment.

***Kimzey Park*** – This fund is used to account for the construction of Kimzey Park. The source of funding was a Texas Parks and Wildlife state grant.

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**CITY OF COLLEYVILLE, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2011**

	Special Revenue Funds		
	Voluntary Park	Voluntary Library	Police Asset Forfeiture
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 860	\$ -
Investments	396,853	349,465	-
Due from other governments	-	-	-
Accrued interest	27	11	-
Total assets	\$ 396,880	\$ 350,336	\$ -
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	72,276	-	-
Advances from developers	-	-	-
Total liabilities	72,276	-	-
Fund balances:			
Restricted	-	-	-
Committed	324,604	350,336	-
Assigned	-	-	-
Total fund balances	324,604	350,336	-
Total liabilities and fund balances	\$ 396,880	\$ 350,336	\$ -

Special Revenue Funds

Tree Preservation	Library Donation	Recreational Event	Community Development Center	Recycling	LEOSE
\$ 18,927	\$ 181,637	\$ -	\$ 6,449	\$ 4,041	\$ 11,048
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,927</u>	<u>181,637</u>	<u>-</u>	<u>6,449</u>	<u>4,041</u>	<u>11,048</u>
\$ -	\$ 25,725	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
13,724	-	-	-	-	-
<u>13,724</u>	<u>25,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	155,912	-	6,449	-	11,048
5,203	-	-	-	-	-
-	-	-	-	4,041	-
<u>5,203</u>	<u>155,912</u>	<u>-</u>	<u>6,449</u>	<u>4,041</u>	<u>11,048</u>
<u>\$ 18,927</u>	<u>\$ 181,637</u>	<u>\$ -</u>	<u>\$ 6,449</u>	<u>\$ 4,041</u>	<u>\$ 11,048</u>

(continued)

**CITY OF COLLEYVILLE, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**(Continued)**

**SEPTEMBER 30, 2011**

	Special Revenue Funds		
	Colleyville Economic Development	Crime District	Kidsville Maintenance
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,057,746	\$ 810,881	\$ 20,426
Investments	561,340	-	-
Due from other governments	247,646	192,813	-
Accrued interest	646	-	-
Total assets	\$ 1,867,378	\$ 1,003,694	\$ 20,426
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 3,478	\$ 169	\$ -
Accrued liabilities	-	8,612	-
Due to other funds	-	-	-
Advances from developers	-	-	-
Total liabilities	3,478	8,781	-
Fund balances:			
Restricted	1,863,900	994,913	20,426
Committed	-	-	-
Assigned	-	-	-
Total fund balances	1,863,900	994,913	20,426
Total liabilities and fund balances	\$ 1,867,378	\$ 1,003,694	\$ 20,426

Special Revenue Funds

---

Special Donations	Court Technology	Court Security	TDPA Grant	Public Art
\$ 20,249 - - - <hr/>	\$ 7,459 49,924 - 2 <hr/>	\$ 96,035 - - - <hr/>	\$ - - 86,365 - <hr/>	\$ 7,904 - - - <hr/>
<u>\$ 20,249</u>	<u>\$ 57,385</u>	<u>\$ 96,035</u>	<u>\$ 86,365</u>	<u>\$ 7,904</u>
\$ 1,852 - - - <hr/>	\$ - - - - <hr/>	\$ - - - - <hr/>	\$ - - 74,205 - <hr/>	\$ - - - - <hr/>
<u>1,852</u>	<u>-</u>	<u>-</u>	<u>74,205</u>	<u>-</u>
18,397 - - <hr/>	57,385 - - <hr/>	96,035 - - <hr/>	12,160 - - <hr/>	- - 7,904 <hr/>
<u>18,397</u>	<u>57,385</u>	<u>96,035</u>	<u>12,160</u>	<u>7,904</u>
<u>\$ 20,249</u>	<u>\$ 57,385</u>	<u>\$ 96,035</u>	<u>\$ 86,365</u>	<u>\$ 7,904</u>

(continued)

**CITY OF COLLEYVILLE, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**(Continued)**

**SEPTEMBER 30, 2011**

	<u>Capital Project Funds</u>	
	<u>Colleyville Tomorrow</u>	<u>Parks Tomorrow</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,560,150	\$ 1,203,209
Investments	694,252	-
Due from other governments	-	-
Accrued interest	<u>441</u>	<u>-</u>
Total assets	<u>\$ 2,254,843</u>	<u>\$ 1,203,209</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ 10,800
Accrued liabilities	-	-
Due to other funds	-	-
Advances from developers	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>10,800</u>
Fund balances:		
Restricted	-	-
Committed	2,254,843	1,192,409
Assigned	<u>-</u>	<u>-</u>
Total fund balances	<u>2,254,843</u>	<u>1,192,409</u>
Total liabilities and fund balances	<u>\$ 2,254,843</u>	<u>\$ 1,203,209</u>

Capital Project Funds

<u>Parkland Dedication</u>	<u>CEDC Capital Project</u>	<u>Capital and Cable Equipment Replacement</u>	<u>Kimzey Park</u>	<u>Total Governmental Funds</u>
\$ 467	\$ 352,613	\$ 697,701	\$ 3,576	\$ 6,061,378
1,482,326	-	453,117	-	3,987,277
-	-	-	-	526,824
<u>1,243</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>2,410</u>
<u>\$ 1,484,036</u>	<u>\$ 352,613</u>	<u>\$ 1,150,858</u>	<u>\$ 3,576</u>	<u>\$ 10,577,889</u>
\$ -	\$ -	\$ 14,255	\$ -	\$ 56,279
-	-	-	-	8,612
-	-	-	-	146,481
-	-	-	-	13,724
<u>-</u>	<u>-</u>	<u>14,255</u>	<u>-</u>	<u>225,096</u>
-	-	-	-	3,236,625
1,484,036	352,613	-	3,576	5,967,620
-	-	1,136,603	-	1,148,548
<u>1,484,036</u>	<u>352,613</u>	<u>1,136,603</u>	<u>3,576</u>	<u>10,352,793</u>
<u>\$ 1,484,036</u>	<u>\$ 352,613</u>	<u>\$ 1,150,858</u>	<u>\$ 3,576</u>	<u>\$ 10,577,889</u>

**CITY OF COLLEYVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Special Revenue Funds		
	Voluntary Park	Voluntary Library	Police Asset Forfeiture
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Donations	146,610	146,086	-
Investment earnings	1,002	-	-
Miscellaneous	-	-	-
Total revenues	147,612	146,086	-
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Community development and engineering	-	-	-
Fire and rescue	-	-	-
Leisure services	23,948	175,252	-
Municipal court	-	-	-
Police	-	-	1,247
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
Total expenditures	23,948	175,252	1,247
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	123,664	( 29,166)	( 1,247)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	( 95,947)	-	-
Total other financing sources and uses	( 95,947)	-	-
<b>NET CHANGE IN FUND BALANCES</b>	27,717	( 29,166)	( 1,247)
<b>FUND BALANCES, BEGINNING</b>	296,887	379,502	1,247
<b>CHANGE IN ACCOUNTING PRINCIPLE</b>	-	-	-
<b>FUND BALANCES, ENDING</b>	\$ 324,604	\$ 350,336	\$ -

Special Revenue Funds

Tree Preservation	Library Donation	Recreational Event	Community Development Center	Recycling	LEOSE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	10,551	-	-	-	3,959
-	-	-	-	-	-
-	263,420	6,500	125	-	-
-	-	-	-	-	-
-	-	-	-	15,000	-
<u>-</u>	<u>273,971</u>	<u>6,500</u>	<u>125</u>	<u>15,000</u>	<u>3,959</u>
-	-	-	-	11,359	-
1	-	-	-	-	-
-	-	-	-	-	-
-	134,349	12,322	1,796	-	-
-	-	-	-	-	-
-	-	-	-	-	11,094
-	-	-	-	-	-
-	90,602	-	-	-	-
<u>1</u>	<u>224,951</u>	<u>12,322</u>	<u>1,796</u>	<u>11,359</u>	<u>11,094</u>
( 1)	49,020	( 5,822)	( 1,671)	3,641	( 7,135)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
( 1)	49,020	( 5,822)	( 1,671)	3,641	( 7,135)
<u>5,204</u>	<u>106,892</u>	<u>5,822</u>	<u>8,120</u>	<u>400</u>	<u>18,183</u>
-	-	-	-	-	-
<u>\$ 5,203</u>	<u>\$ 155,912</u>	<u>\$ -</u>	<u>\$ 6,449</u>	<u>\$ 4,041</u>	<u>\$ 11,048</u>

(continued)

**CITY OF COLLEYVILLE, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS  
(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Special Revenue Funds		
	Colleyville Economic Development	Crime District	Kidsville Maintenance
<b>REVENUES</b>			
Taxes	\$ 1,319,517	\$ 1,094,084	\$ -
Fees and fines	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Donations	-	-	-
Investment earnings	3,376	1,346	-
Miscellaneous	-	-	-
Total revenues	1,322,893	1,095,430	-
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Community development and engineering	119,119	-	-
Fire and rescue	-	-	-
Leisure services	102,125	-	-
Municipal court	-	-	-
Police	-	421,464	-
Debt service:			
Principal	300,000	-	-
Interest and other charges	344,195	-	-
Capital outlay	710,491	35,608	-
Total expenditures	1,575,930	457,072	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 253,037)	638,358	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	( 165,331)	( 517,452)	-
Total other financing sources and uses	( 165,331)	( 517,452)	-
<b>NET CHANGE IN FUND BALANCES</b>	( 418,368)	120,906	-
<b>FUND BALANCES, BEGINNING</b>	2,282,268	874,007	20,426
<b>CHANGE IN ACCOUNTING PRINCIPLE</b>	-	-	-
<b>FUND BALANCES, ENDING</b>	\$ 1,863,900	\$ 994,913	\$ 20,426

Special Revenue Funds

<u>Special Donations</u>	<u>Court Technology</u>	<u>Court Security</u>	<u>TDPA Grant</u>	<u>Public Art</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	27,749	20,859	-	-
649	-	-	126,118	-
-	-	-	-	-
34,745	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>35,394</u>	<u>27,749</u>	<u>20,859</u>	<u>126,118</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
20,866	-	-	113,958	-
5,187	-	-	-	-
-	26,585	19,966	-	-
9,622	-	-	-	-
-	-	-	-	-
-	-	-	-	-
13,110	-	7,515	-	-
<u>48,785</u>	<u>26,585</u>	<u>27,481</u>	<u>113,958</u>	<u>-</u>
( 13,391)	1,164	( 6,622)	12,160	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
( 13,391)	1,164	( 6,622)	12,160	-
<u>31,788</u>	<u>56,221</u>	<u>102,657</u>	<u>-</u>	<u>7,904</u>
-	-	-	-	-
<u>\$ 18,397</u>	<u>\$ 57,385</u>	<u>\$ 96,035</u>	<u>\$ 12,160</u>	<u>\$ 7,904</u>

(continued)

**CITY OF COLLEYVILLE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Capital Project Funds	
	Colleyville Tomorrow	Parks Tomorrow
<b>REVENUES</b>		
Taxes	\$ -	\$ -
Fees and fines	-	-
Intergovernmental	-	-
Charges for services	702,081	-
Donations	-	-
Investment earnings	1,977	2,301
Miscellaneous	-	-
Total revenues	704,058	2,301
<b>EXPENDITURES</b>		
Current:		
General government	-	-
Community development and engineering	-	-
Fire and rescue	-	-
Leisure services	6,637	900
Municipal court	-	-
Police	-	-
Debt service:		
Principal	-	-
Interest and other charges	-	-
Capital outlay	316,943	398,800
Total expenditures	323,580	399,700
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	380,478	( 397,399)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	165,331	95,947
Transfers out	-	-
Total other financing sources and uses	165,331	95,947
<b>NET CHANGE IN FUND BALANCES</b>	545,809	( 301,452)
<b>FUND BALANCES, BEGINNING</b>	1,709,034	1,493,861
<b>CHANGE IN ACCOUNTING PRINCIPLE</b>	-	-
<b>FUND BALANCES, ENDING</b>	\$ 2,254,843	\$ 1,192,409

Capital Project Funds

<u>Parkland Dedication</u>	<u>CEDC Capital Project</u>	<u>Capital and Cable Equipment Replacement</u>	<u>Kimzey Park</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,413,601
-	-	-	-	48,608
-	-	-	-	141,277
-	-	-	-	702,081
4,915	-	-	-	602,401
6,658	-	455	-	17,115
-	-	-	-	15,000
<u>11,573</u>	<u>-</u>	<u>455</u>	<u>-</u>	<u>3,940,083</u>
-	-	28,852	-	40,211
-	-	-	-	119,120
-	-	-	-	134,824
-	33,093	-	-	495,609
-	-	-	-	46,551
-	-	-	-	443,427
-	-	-	-	300,000
-	-	-	-	344,195
118,518	28,004	-	-	1,719,591
<u>118,518</u>	<u>61,097</u>	<u>28,852</u>	<u>-</u>	<u>3,643,528</u>
( 106,945)	( 61,097)	( 28,397)	-	296,555
-	-	463,500	-	724,778
-	-	-	-	( 778,730)
-	-	463,500	-	( 53,952)
( 106,945)	( 61,097)	435,103	-	242,603
<u>1,590,981</u>	<u>413,710</u>	<u>701,500</u>	<u>3,576</u>	<u>10,875,655</u>
-	-	-	-	( 765,465)
<u>\$ 1,484,036</u>	<u>\$ 352,613</u>	<u>\$ 1,136,603</u>	<u>\$ 3,576</u>	<u>\$ 10,352,793</u>

**CITY OF COLLEYVILLE, TEXAS**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget</u>	<u>Actual</u>	Variance with Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 1,861,071	\$ 2,042,683	\$ 181,612
Investment earnings	4,750	2,180	( 2,570)
Total revenues	<u>1,865,821</u>	<u>2,044,863</u>	<u>179,042</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	2,482,612	1,959,004	523,608
Interest and fiscal charges	4,000	494,125	( 490,125)
Total expenditures	<u>2,486,612</u>	<u>2,453,129</u>	<u>33,483</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 620,791)</u>	<u>( 408,266)</u>	<u>212,525</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from long-term debt, net	-	2,945,000	2,945,000
Payment to bond escrow agent	-	( 3,012,910)	( 3,012,910)
Premium on bond issuance	-	6,561	6,561
Transfers in	503,952	503,952	-
Total other financing sources	<u>503,952</u>	<u>442,603</u>	<u>( 61,349)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 116,839)</u>	34,337	151,176
<b>FUND BALANCE, BEGINNING</b>	<u>1,154,570</u>	<u>1,154,570</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,037,731</u>	<u>\$ 1,188,907</u>	<u>\$ 151,176</u>

### **AGENCY FUNDS**

***Employee Activity Fund*** – This fund is used to account for funds held by the City for the benefit of employees of the City.

***Sesquicentennial Fund*** – This fund is used to account for funds held by the City for the benefit of the City of Colleyville’s historical purposes.

**CITY OF COLLEYVILLE, TEXAS**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

**AGENCY FUNDS**

**SEPTEMBER 30, 2011**

	<u>Employee Activity Fund</u>	<u>Sesquicentennial Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ <u>6,495</u>	\$ <u>17,374</u>	\$ <u>23,869</u>
Total assets	\$ <u><u>6,495</u></u>	\$ <u><u>17,374</u></u>	\$ <u><u>23,869</u></u>
<b>LIABILITIES</b>			
Due to other agencies and individuals	\$ <u>6,495</u>	\$ <u>17,374</u>	\$ <u>23,869</u>
Total liabilities	\$ <u><u>6,495</u></u>	\$ <u><u>17,374</u></u>	\$ <u><u>23,869</u></u>

**CITY OF COLLEYVILLE, TEXAS**

**COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES**

**AGENCY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Employee Activity Fund			Balance 09/30/11
	Balance 10/01/10	Additions	Deletions	
Cash and cash equivalents	\$ 7,149	\$ 2,936	\$ 3,590	\$ 6,495
Total assets	<u>\$ 7,149</u>	<u>\$ 2,936</u>	<u>\$ 3,590</u>	<u>\$ 6,495</u>
Due to other agencies and individuals	\$ 7,149	\$ 2,936	\$ 3,590	\$ 6,495
Total liabilities	<u>\$ 7,149</u>	<u>\$ 2,936</u>	<u>\$ 3,590</u>	<u>\$ 6,495</u>

	Sesquicentennial Fund			Balance 09/30/11
	Balance 10/01/10	Additions	Deletions	
Cash and cash equivalents	\$ 17,439	\$ 235	\$ 300	\$ 17,374
Total assets	<u>\$ 17,439</u>	<u>\$ 235</u>	<u>\$ 300</u>	<u>\$ 17,374</u>
Due to other agencies and individuals	\$ 17,439	\$ 235	\$ 300	\$ 17,374
Total liabilities	<u>\$ 17,439</u>	<u>\$ 235</u>	<u>\$ 300</u>	<u>\$ 17,374</u>

	Total Agency Funds			Balance 09/30/11
	Balance 10/01/10	Additions	Deletions	
Cash and cash equivalents	\$ 24,588	\$ 3,171	\$ 3,890	\$ 23,869
Total assets	<u>\$ 24,588</u>	<u>\$ 3,171</u>	<u>\$ 3,890</u>	<u>\$ 23,869</u>
Due to other agencies and individuals	\$ 24,588	\$ 3,171	\$ 3,890	\$ 23,869
Total liabilities	<u>\$ 24,588</u>	<u>\$ 3,171</u>	<u>\$ 3,890</u>	<u>\$ 23,869</u>

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# STATISTICAL SECTION

This part of the City of Colleyville, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	92
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	102
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	107
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	114
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	116

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

## CITY OF COLLEYVILLE, TEXAS

### NET ASSETS BY COMPONENT

(Accrual Basis of Accounting)

	Fiscal Year		
	2003	2004	2005
Governmental activities:			
Invested in capital assets, net of related debt	\$ 55,965,990	\$ 60,055,616	\$ 60,884,756
Restricted for:			
Debt service	1,040,403	756,516	896,130
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Streets and drainage	-	-	-
Police	-	-	-
Unrestricted	<u>15,646,259</u>	<u>15,948,497</u>	<u>19,132,376</u>
Total governmental activities net assets	<u>\$ 72,652,652</u>	<u>\$ 76,760,629</u>	<u>\$ 80,913,262</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 22,588,864	\$ 23,957,432	\$ 24,827,365
Restricted for:			
Debt service	668,120	668,239	670,571
Unrestricted	<u>14,502,121</u>	<u>15,470,275</u>	<u>16,374,236</u>
Total business-type activities net assets	<u>\$ 37,759,105</u>	<u>\$ 40,095,946</u>	<u>\$ 41,872,172</u>
Primary government:			
Invested in capital assets, net of related debt	\$ 78,554,854	\$ 84,013,048	\$ 85,712,121
Restricted for:			
Debt service	1,708,523	1,424,755	1,566,701
Court security and technology	-	-	-
Grant programs	-	-	-
Leisure services	-	-	-
Economic development	-	-	-
Streets and drainage	-	-	-
Police	-	-	-
Unrestricted	<u>30,148,380</u>	<u>31,418,772</u>	<u>35,506,612</u>
Total primary government net assets	<u>\$ 110,411,757</u>	<u>\$ 116,856,575</u>	<u>\$ 122,785,434</u>

Note: The City began to report accrual information when it implemented GASB 34 in fiscal year 2003. The City implemented GASB 54 in fiscal year 2011 to provide clearer fund balance classifications. Prior years were not restated.

**TABLE 1**

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 66,991,146	\$ 71,824,719	\$ 77,484,725	\$ 79,243,497	\$ 81,970,674	\$ 83,166,142
937,578	1,032,586	889,689	1,040,896	1,057,699	1,106,893
-	-	-	-	-	153,420
-	-	-	-	-	23,208
-	-	-	-	-	201,184
-	-	-	-	-	1,863,900
-	-	-	-	-	6,428,106
-	-	-	-	-	994,913
<u>19,002,816</u>	<u>21,987,778</u>	<u>21,862,136</u>	<u>27,498,864</u>	<u>25,936,703</u>	<u>17,837,593</u>
<u>\$ 86,931,540</u>	<u>\$ 94,845,083</u>	<u>\$ 100,236,550</u>	<u>\$ 107,783,257</u>	<u>\$ 108,965,076</u>	<u>\$ 111,775,359</u>
\$ 25,919,619	\$ 32,804,703	\$ 39,442,148	\$ 39,174,562	\$ 39,080,043	\$ 38,892,098
882,821	1,080,751	1,024,349	987,181	983,225	662,050
<u>19,253,772</u>	<u>13,626,274</u>	<u>7,837,790</u>	<u>8,127,736</u>	<u>7,747,336</u>	<u>10,111,776</u>
<u>\$ 46,056,212</u>	<u>\$ 47,511,728</u>	<u>\$ 48,304,287</u>	<u>\$ 48,289,479</u>	<u>\$ 47,810,604</u>	<u>\$ 49,665,924</u>
\$ 92,910,765	\$ 104,629,422	\$ 116,926,873	\$ 118,418,059	\$ 121,050,717	\$ 122,058,240
1,820,399	2,113,337	1,914,038	2,028,077	2,040,924	1,768,943
-	-	-	-	-	153,420
-	-	-	-	-	23,208
-	-	-	-	-	201,184
-	-	-	-	-	1,863,900
-	-	-	-	-	6,428,106
-	-	-	-	-	994,913
<u>38,256,588</u>	<u>35,614,052</u>	<u>29,699,926</u>	<u>35,626,600</u>	<u>33,684,039</u>	<u>27,949,369</u>
<u>\$ 132,987,752</u>	<u>\$ 142,356,811</u>	<u>\$ 148,540,837</u>	<u>\$ 156,072,736</u>	<u>\$ 156,775,680</u>	<u>\$ 161,441,283</u>

# CITY OF COLLEYVILLE, TEXAS

## CHANGES IN NET ASSETS

(Accrual Basis of Accounting)

	Fiscal Year		
	2003	2004	2005
<b>EXPENSES</b>			
Governmental activities:			
General government	\$ 1,551,989	\$ 2,542,016	\$ 2,245,964
Community Development and Engineering	1,280,410	1,281,429	1,164,345
Fire and rescue	3,010,260	3,144,814	3,325,103
Leisure services	2,728,287	2,953,528	2,923,958
Maintenance	193,865	364,256	364,434
Municipal court	235,053	250,551	238,874
Police	3,498,419	3,295,263	3,533,083
Streets and drainage	2,195,256	2,562,499	2,970,475
Interest on long-term debt	<u>1,491,649</u>	<u>1,290,825</u>	<u>1,190,857</u>
Total governmental activities expenses	<u>16,185,188</u>	<u>17,685,181</u>	<u>17,957,093</u>
Business-type activities:			
Water and wastewater	7,704,603	7,850,570	8,962,630
Drainage	354,960	517,713	550,005
Interest on long-term debt	<u>601,560</u>	<u>-</u>	<u>-</u>
Total business-type activities expenses	<u>8,661,123</u>	<u>8,368,283</u>	<u>9,512,635</u>
 Total primary government program expenses	 <u>\$ 24,846,311</u>	 <u>\$ 26,053,464</u>	 <u>\$ 27,469,728</u>
<b>PROGRAM REVENUES</b>			
Governmental activities:			
Charges for services:			
General government	\$ 18,000	\$ 16,000	\$ 6,000
Community Development and Engineering	1,242,838	1,687,921	1,515,052
Fire and rescue	104,990	125,081	136,498
Leisure services	394,098	399,319	386,658
Municipal court	510,544	508,572	492,805
Police	45,626	66,135	95,234
Streets and drainage	240,309	512,171	336,111
Operating grants and contributions	328,324	619,459	523,704
Capital grants and contributions	<u>8,014,501</u>	<u>3,857,202</u>	<u>3,283,774</u>
Total governmental activities program revenues	<u>10,899,230</u>	<u>7,791,860</u>	<u>6,775,836</u>

TABLE 2

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 2,729,064	\$ 2,438,051	\$ 2,814,874	\$ 2,945,481	\$ 2,691,905	\$ 2,715,154
1,267,136	1,523,768	1,481,124	1,530,901	1,645,221	1,402,669
3,814,585	3,790,831	3,958,111	4,113,793	4,419,945	4,421,496
3,513,992	3,525,094	4,033,105	3,941,259	4,118,769	4,191,960
383,504	434,984	417,265	455,752	423,783	412,513
270,345	262,198	324,020	291,724	302,756	303,839
3,801,644	4,232,185	4,657,438	4,841,217	4,836,274	4,878,055
2,932,465	2,890,995	3,129,730	3,503,519	3,885,182	3,657,591
<u>1,142,043</u>	<u>1,032,374</u>	<u>1,101,714</u>	<u>1,051,180</u>	<u>1,000,061</u>	<u>849,390</u>
<u>19,854,778</u>	<u>20,130,480</u>	<u>21,917,381</u>	<u>22,674,826</u>	<u>23,323,896</u>	<u>22,832,667</u>
9,428,373	9,337,282	11,179,548	10,612,372	11,242,553	12,009,187
548,963	671,773	593,600	658,016	572,234	742,160
440,703	400,752	362,642	331,361	296,288	-
<u>10,418,039</u>	<u>10,409,807</u>	<u>12,135,790</u>	<u>11,601,749</u>	<u>12,111,075</u>	<u>12,751,347</u>
<u>\$ 30,272,817</u>	<u>\$ 30,540,287</u>	<u>\$ 34,053,171</u>	<u>\$ 34,276,575</u>	<u>\$ 35,434,971</u>	<u>\$ 35,584,014</u>
\$ 6,000	\$ 6,000	\$ 16,000	\$ 15,000	\$ 15,000	\$ 97,234
2,163,596	1,454,744	1,332,453	666,914	647,298	868,363
239,386	303,868	250,814	271,216	235,225	305,882
448,606	424,024	563,738	6,595,487	468,426	1,213,167
813,781	932,452	1,171,919	1,002,008	1,213,178	970,143
70,899	81,054	79,699	51,631	94,059	70,709
472,860	355,157	358,688	215,619	345,780	296,350
399,819	431,683	1,856,567	713,189	543,516	822,056
<u>4,355,357</u>	<u>5,372,281</u>	<u>3,973,954</u>	<u>360,023</u>	<u>423,873</u>	<u>405,347</u>
<u>8,970,304</u>	<u>9,361,263</u>	<u>9,603,832</u>	<u>9,891,087</u>	<u>3,986,355</u>	<u>5,049,251</u>

(continued)

**CITY OF COLLEYVILLE, TEXAS**

**CHANGES IN NET ASSETS  
(Continued)  
(Accrual Basis of Accounting)**

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>PROGRAM REVENUES (Continued)</b>			
Business-type activities:			
Charges for services:			
Water and wastewater	\$ 8,595,871	\$ 8,924,942	\$ 9,856,889
Drainage	666,399	677,913	675,045
Capital grants and contributions	<u>1,443,502</u>	<u>1,412,990</u>	<u>844,256</u>
Total business-type activities program revenues	<u>10,705,772</u>	<u>11,015,845</u>	<u>11,376,190</u>
 Total primary government program revenues	 <u>\$ 21,605,002</u>	 <u>\$ 18,807,705</u>	 <u>\$ 18,152,026</u>
 <b>NET (EXPENSE) REVENUES</b>			
Governmental activities	\$( 5,285,958)	\$( 9,893,321)	\$(11,181,257)
Business-type activities	<u>2,044,649</u>	<u>2,647,562</u>	<u>1,863,555</u>
Total primary government net expense	<u>( 3,241,309)</u>	<u>( 7,245,759)</u>	<u>( 9,317,702)</u>
 <b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>			
Governmental activities:			
Taxes			
Property	8,183,790	8,534,388	8,938,888
Franchise	1,395,569	1,458,079	1,477,749
Sales	2,964,331	3,381,634	3,801,369
Other	32,123	37,296	53,974
Investment earnings	468,656	217,316	443,570
Miscellaneous	63,052	53,538	153,947
Gain on sale of capital assets	-	-	-
Transfers	<u>1,058,060</u>	<u>473,366</u>	<u>464,393</u>
Total governmental activities	<u>14,165,581</u>	<u>14,155,617</u>	<u>15,333,890</u>
 Business-type activities:			
Investment earnings	282,661	162,645	377,064
Gain on sale of capital assets	-	-	-
Transfers	<u>( 1,058,060)</u>	<u>( 473,366)</u>	<u>( 464,393)</u>
Total business-type activities	<u>( 775,399)</u>	<u>( 310,721)</u>	<u>( 87,329)</u>
 Total primary government	 <u>13,390,182</u>	 <u>13,844,896</u>	 <u>15,246,561</u>
 <b>CHANGE IN NET ASSETS</b>			
Governmental activities	8,879,623	4,262,296	4,152,633
Business-type activities	<u>1,269,250</u>	<u>2,336,841</u>	<u>1,776,226</u>
Total primary government	<u>\$ 10,148,873</u>	<u>\$ 6,599,137</u>	<u>\$ 5,928,859</u>

Note: See Table 9 for information about Water and Wastewater Charges for services  
The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TABLE 2

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 13,187,868	\$ 9,127,470	\$ 11,114,892	\$ 11,303,868	\$ 11,414,425	\$ 14,355,418
	841,972	859,013	874,637	897,361	903,089
<u>1,100,354</u>	<u>1,561,255</u>	<u>1,415,785</u>	<u>63,293</u>	<u>147,014</u>	<u>168,365</u>
<u>14,288,222</u>	<u>11,530,697</u>	<u>13,389,690</u>	<u>12,241,798</u>	<u>12,458,800</u>	<u>15,426,872</u>
<u>\$ 23,258,526</u>	<u>\$ 20,891,960</u>	<u>\$ 22,993,522</u>	<u>\$ 22,132,885</u>	<u>\$ 16,445,155</u>	<u>\$ 20,476,123</u>
\$(10,884,474)	\$(10,769,217)	\$(12,313,549)	\$( 12,783,739)	\$( 19,337,541)	\$( 17,783,416)
<u>3,870,183</u>	<u>1,120,890</u>	<u>1,253,900</u>	<u>640,049</u>	<u>347,725</u>	<u>2,675,525</u>
<u>( 7,014,291)</u>	<u>( 9,648,327)</u>	<u>(11,059,649)</u>	<u>( 12,143,690)</u>	<u>( 18,989,816)</u>	<u>( 15,107,891)</u>
9,483,546	10,153,775	11,367,967	12,121,420	12,557,716	12,414,948
1,790,543	1,779,376	1,818,060	2,017,440	1,867,065	2,031,268
4,355,627	4,674,068	4,740,964	4,718,976	4,936,484	5,056,597
76,005	89,132	82,532	74,198	75,365	80,731
904,361	1,224,361	804,864	471,524	76,968	95,822
65,313	97,963	96,348	77,854	82,833	55,454
-	-	116,112	25,237	65,306	-
<u>532,357</u>	<u>664,085</u>	<u>841,936</u>	<u>823,797</u>	<u>857,622</u>	<u>858,879</u>
<u>17,207,752</u>	<u>18,682,760</u>	<u>19,868,783</u>	<u>20,330,446</u>	<u>20,519,359</u>	<u>20,593,699</u>
846,214	998,710	380,595	168,940	15,158	38,674
-	-	-	-	15,864	-
<u>( 532,357)</u>	<u>( 664,085)</u>	<u>( 841,936)</u>	<u>( 823,797)</u>	<u>( 857,622)</u>	<u>( 858,879)</u>
<u>313,857</u>	<u>334,625</u>	<u>( 461,341)</u>	<u>( 654,857)</u>	<u>( 826,600)</u>	<u>( 820,205)</u>
<u>17,521,609</u>	<u>19,017,385</u>	<u>19,407,442</u>	<u>19,675,589</u>	<u>19,692,759</u>	<u>19,773,494</u>
6,323,278	7,913,543	7,555,234	7,546,707	1,181,818	2,810,283
<u>4,184,040</u>	<u>1,455,515</u>	<u>792,559</u>	<u>( 14,808)</u>	<u>( 478,875)</u>	<u>1,855,320</u>
<u>\$ 10,507,318</u>	<u>\$ 9,369,058</u>	<u>\$ 8,347,793</u>	<u>\$ 7,531,899</u>	<u>\$ 702,943</u>	<u>\$ 4,665,603</u>

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## CITY OF COLLEYVILLE, TEXAS

FUND BALANCES  
GOVERNMENTAL FUNDSLAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,147
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	706,942
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>6,015,647</u>	<u>6,440,152</u>	<u>6,767,592</u>	<u>6,850,731</u>	<u>7,575,662</u>	<u>8,495,329</u>	<u>8,717,398</u>	<u>8,207,420</u>	<u>8,813,597</u>	<u>10,223,232</u>
Total general fund	<u>\$ 6,015,647</u>	<u>\$ 6,440,152</u>	<u>\$ 6,767,592</u>	<u>\$ 6,850,731</u>	<u>\$ 7,575,662</u>	<u>\$ 8,495,329</u>	<u>\$ 8,717,398</u>	<u>\$ 8,207,420</u>	<u>\$ 8,813,597</u>	<u>\$ 10,932,321</u>
All other governmental funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	17,196,677	2,674,486	3,056,810	2,959,583	1,082,681	1,254,686	987,681	1,121,567	1,154,570	10,853,638
Committed	-	-	-	-	-	-	-	-	-	5,967,620
Assigned	-	-	-	-	-	-	-	-	-	1,148,548
Unassigned, reported in:										
Special revenue funds	-	2,068,938	2,459,810	3,251,861	4,760,679	4,814,412	5,696,905	7,267,350	5,664,493	-
Capital projects funds	<u>-</u>	<u>6,012,845</u>	<u>4,967,859</u>	<u>7,438,437</u>	<u>7,012,225</u>	<u>9,055,431</u>	<u>7,811,492</u>	<u>12,369,631</u>	<u>11,524,206</u>	<u>-</u>
Total all other governmental funds	<u>\$ 17,196,677</u>	<u>\$ 10,756,269</u>	<u>\$ 10,484,479</u>	<u>\$ 13,649,881</u>	<u>\$ 12,855,585</u>	<u>\$ 15,124,529</u>	<u>\$ 14,496,078</u>	<u>\$ 20,758,548</u>	<u>\$ 18,343,269</u>	<u>\$ 17,969,806</u>

Note: This schedule does not restate prior years for Special Revenue and Capital Projects Funds.

The City implemented GASB 54 in fiscal year 2011 to provide clearer fund balance classifications. Prior years were not restated.

## CITY OF COLLEYVILLE, TEXAS

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDSLAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>REVENUES</b>										
Taxes	\$ 12,296,418	\$ 12,596,779	\$ 13,438,345	\$ 14,277,010	\$ 15,708,945	\$ 16,701,290	\$ 17,975,445	\$ 18,889,480	\$ 19,353,358	\$ 19,627,734
Developer contributions	334,502	277,084	416,319	274,996	549,911	683,425	226,488	-	-	-
Licenses, fees and permits	913,426	926,083	1,505,512	1,359,329	1,931,265	1,244,218	1,113,595	646,302	607,132	923,590
Capital improvement fees	270,872	300,252	577,171	366,111	482,860	389,657	358,688	208,622	334,075	281,260
Drainage fees	615,099	-	-	-	-	-	-	-	-	-
Fines and penalties	534,590	509,395	520,926	513,129	841,595	965,416	1,203,260	1,028,425	1,244,146	998,221
Charges for services	464,515	915,695	952,452	940,212	1,173,394	1,190,327	1,322,732	7,129,322	917,884	1,694,993
Interest	746,041	468,656	217,316	443,570	904,361	1,224,361	804,864	471,524	76,968	95,823
Intergovernmental	107,962	504,718	328,040	167,293	5,409	4,361	1,437,935	350,468	100,807	541,709
Donations	206,358	707,829	797,042	502,789	396,627	735,756	548,093	401,432	379,853	602,401
Miscellaneous	554,564	96,857	92,198	183,902	83,730	107,700	116,280	155,100	97,833	70,453
Total revenues	<u>17,044,347</u>	<u>17,303,348</u>	<u>18,845,321</u>	<u>19,028,341</u>	<u>22,078,097</u>	<u>23,246,511</u>	<u>25,107,380</u>	<u>29,280,675</u>	<u>23,112,056</u>	<u>24,836,184</u>
<b>EXPENDITURES</b>										
General government	1,925,674	1,469,725	2,445,219	1,873,091	2,107,398	2,247,359	2,537,699	2,639,218	2,423,869	2,383,276
Comm Development/Eng	1,226,877	1,274,096	1,281,745	1,160,232	1,265,251	1,467,216	1,462,566	1,531,785	1,642,047	1,397,256
Fire	2,783,968	2,826,218	3,057,879	3,166,840	3,657,554	3,517,817	3,755,575	3,840,118	3,955,407	3,972,053
Police	6,711,870	3,331,861	3,126,469	3,293,320	3,558,154	3,961,975	4,395,056	4,588,576	4,552,947	4,596,862
Leisure services	1,665,598	2,262,478	2,489,222	2,388,761	2,838,637	2,913,798	3,171,514	3,058,332	3,173,352	3,177,878
Streets and drainage	1,239,090	1,092,703	1,420,620	1,656,187	1,604,425	1,485,756	1,649,037	1,917,536	2,297,719	2,052,298
Municipal court	150,056	234,180	250,597	238,245	270,037	252,961	323,059	291,893	302,172	302,666
Maintenance	182,814	162,865	356,819	357,983	377,144	415,708	410,636	449,806	417,946	405,911
Capital outlay	1,646,893	7,430,703	1,939,241	1,459,940	4,491,341	6,337,656	5,150,286	2,759,774	4,935,053	2,510,027
Debt service:										
Interest	1,807,778	1,664,219	1,277,593	1,289,866	1,141,817	1,094,001	2,584,790	1,033,148	944,751	838,320
Principal	1,504,669	1,438,561	1,617,633	1,573,308	1,929,047	2,005,204	1,189,798	2,275,553	2,180,061	2,259,004
Total expenditures	<u>20,845,287</u>	<u>23,187,609</u>	<u>19,263,037</u>	<u>18,457,773</u>	<u>23,240,805</u>	<u>25,699,451</u>	<u>26,630,016</u>	<u>24,385,739</u>	<u>26,825,324</u>	<u>23,895,551</u>

(continued)

## CITY OF COLLEYVILLE, TEXAS

**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
(Continued)  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$( 3,800,940)	\$( 5,884,261)	\$( 417,716)	\$ 570,568	\$( 1,162,708)	\$( 2,452,940)	\$( 1,522,636)	\$ 4,894,936	\$( 3,713,268)	\$ 940,633
<b>OTHER FINANCING SOURCES (USES)</b>										
Bonds issued	3,000,000	-	-	9,570,000	-	9,890,000	-	-	-	2,945,000
Refunding bonds	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	94,187	-	-	-	-	-	-
Capital lease	-	-	-	-	408,716	-	176,150	-	981,238	-
Sale of capital assets	-	-	-	-	152,270	8,800	98,168	33,759	65,306	7,098
Premium on bond issue	-	-	-	-	-	-	-	-	-	6,561
Payments to escrow	-	( 600,000)	-	( 7,450,606)	-	( 4,921,334)	-	-	-	( 3,012,910)
Transfers in	1,092,968	1,766,111	1,115,261	1,675,954	2,203,261	1,637,154	2,082,101	2,338,776	1,884,896	2,458,396
Transfers out	( 644,333)	( 708,051)	( 641,895)	( 1,211,561)	( 1,670,904)	( 973,069)	( 1,240,165)	( 1,514,979)	( 1,027,274)	( 1,599,517)
Total other financing sources (uses)	3,448,635	458,060	473,366	2,677,974	1,093,343	5,641,551	1,116,254	857,556	1,904,166	804,628
<b>NET CHANGE IN FUND BALANCES</b>	\$( 352,305)	\$( 5,426,201)	\$ 55,650	\$ 3,248,542	\$( 69,365)	\$ 3,188,611	\$( 406,382)	\$ 5,752,492	\$( 1,809,102)	\$ 1,745,261
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	17.3%	19.7%	16.7%	16.8%	16.4%	16.0%	17.6%	15.3%	14.3%	14.5%

Note: Capital Outlay does not include contributed capital assets received from developers.

CITY OF COLLEYVILLE, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Personal Property	Less: Tax-exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2002	\$ 2,235,649,487	\$ 80,447,537	\$ 192,304,569	\$ 2,123,792,455	\$ 0.3474	\$ 2,123,792,455
2003	2,480,630,162	82,599,959	196,195,476	2,367,034,645	0.3474	2,367,034,645
2004	2,726,410,622	73,845,277	219,774,274	2,580,481,625	0.3474	2,580,481,625
2005	2,793,606,203	78,255,043	219,264,381	2,652,596,865	0.3474	2,652,596,865
2006	3,015,929,674	79,122,702	221,809,521	2,873,242,855	0.3474	2,873,242,855
2007	3,229,353,459	86,080,918	228,115,791	3,087,318,586	0.3474	3,087,318,586
2008	3,531,988,996	97,998,283	228,915,486	3,401,071,793	0.3559	3,401,071,793
2009	3,748,968,313	99,556,111	230,676,995	3,617,847,429	0.3559	3,617,847,429
2010	3,907,288,105	95,261,420	237,293,931	3,765,255,594	0.3559	3,765,255,594
2011	3,917,415,346	92,176,541	253,414,335	3,756,177,552	0.3559	3,756,177,552

Source: Tarrant Appraisal District

Note: Property in Tarrant County is reassessed once every two years. The Appraisal District assesses property at 100 percent of actual value for residential and personal. Tax rates are per \$100 of assessed value.

**CITY OF COLLEYVILLE, TEXAS**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

**LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rates			Overlapping Rates								
	Operations and Maintenance Rate	General Obligation Debt Service	Total Direct Rate	Birdville Independent School District	Carroll Independent School District	Grapevine-Colleyville Independent School District	Hurst-Eules Bedford Independent School District	Keller Independent School District	Tarrant County	Tarrant County College District	Tarrant County Hospital District	
2002	\$ 0.26954	\$ 0.07786	\$ 0.34740	\$ 1.5698	\$ 1.9500	\$ 1.61679	\$ 1.6530	\$ 1.5289	\$ 0.27479	\$ 0.106410	\$ 0.234070	
2003	0.27223	0.07517	0.34740	1.6170	1.9350	1.65979	1.7119	1.6519	0.27250	0.139380	0.234000	
2004	0.28700	0.06040	0.34740	1.6170	1.9025	1.70105	1.6616	1.6762	0.27250	0.139380	0.235397	
2005	0.29072	0.05668	0.34740	1.6170	1.9350	1.70000	1.7105	1.6975	0.27250	0.139380	0.235397	
2006	0.27771	0.06969	0.34740	1.6170	1.9350	1.70000	1.7230	1.7158	0.27250	0.139380	0.235397	
2007	0.27873	0.06867	0.34740	1.5650	1.7950	1.57430	1.5976	1.6080	0.27150	0.139380	0.235397	
2008	0.28299	0.07291	0.35590	1.4050	1.4650	1.29000	1.3037	1.3574	0.26650	0.139380	0.230397	
2009	0.28860	0.06731	0.35590	1.4100	1.4150	1.29000	1.2955	1.4169	0.26400	0.137960	0.227897	
2010	0.29864	0.05726	0.35590	1.4050	1.4150	1.29000	1.2955	1.4863	0.26400	0.137670	0.227897	
2011	0.29758	0.05832	0.35590	1.4250	1.4150	1.29000	1.2882	1.5306	0.26400	0.137600	0.227900	

Source: Tarrant Appraisal District

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City of Colleyville, Texas. Not all school district overlapping rates apply to all Colleyville property owners because the City is served by five different independent school districts; for example, although the county property tax rates apply to all City property owners, the Grapevine-Colleyville Independent School District rates apply only to the approximately two-thirds of City property owners whose property is located within that school district's geographic boundaries.

TABLE 7

**CITY OF COLLEYVILLE, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2011		2002	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Melvin & Martindale	\$ 22,557,000	0.60%	\$ -	- %
Oncor Electric Delivery	15,889,593	0.42%	15,396,923	0.72%
Lifetime Fitness Real Estate	12,233,988	0.33%	-	- %
Toll Dallas TX LLC	10,654,992	0.28%	-	- %
RCC Village Properties	5,933,440	0.16%	-	- %
Colleyville Plaza LP	5,784,000	0.15%	6,675,000	0.31%
Leonard Hudson	5,035,700	0.13%	-	- %
Silveroak Land Company LP	5,034,510	0.13%	-	- %
Dreiling Realty LLC	4,905,260	0.13%	-	- %
Uhlman Colleyville, LLC	4,794,553	0.13%	-	- %
Albertsons	-	- %	17,165,553	0.81%
Paul and Shelia Johnson	-	- %	4,750,000	0.22%
Patsy Smith	-	- %	4,349,059	0.20%
Greenway Glade Partners, LP	-	- %	4,208,340	0.20%
Colleyville Development Co.	-	- %	3,995,330	0.19%
Goodacre LTD Partnership	-	- %	3,816,117	0.18%
Pulte Home Corp of Texas	-	- %	3,526,240	0.17%
Southwestern Bell	-	- %	3,350,980	0.16%
Total	\$ <u>92,823,036</u>	<u>2.47%</u>	\$ <u>67,233,542</u>	<u>3.16%</u>

Source: Tarrant Appraisal District

**CITY OF COLLEYVILLE, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected With the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2002	\$ 7,399,976	\$ 7,325,976	98.3%	\$ 68,108	\$ 7,394,084	99.92%
2003	8,233,543	8,151,208	98.8%	79,096	8,230,304	99.96%
2004	8,719,444	8,632,250	99.2%	84,312	8,716,562	99.97%
2005	9,201,770	9,109,752	99.1%	87,868	9,197,620	99.95%
2006	9,981,646	9,906,769	99.2%	70,782	9,977,551	99.96%
2007	10,725,345	10,592,222	98.8%	126,212	10,718,434	99.94%
2008	12,024,882	11,903,333	99.0%	107,241	12,010,574	99.88%
2009	12,875,919	12,734,871	98.9%	118,611	12,853,482	99.83%
2010	13,351,922	13,166,515	98.6%	122,273	13,288,788	99.53%
2011	13,183,932	13,063,575	99.1%	-	13,063,575	99.09%

Sources: Tarrant County Appraisal District and City of Colleyville Finance Department.

TABLE 9

**CITY OF COLLEYVILLE, TEXAS**  
**PRINCIPAL WATER CUSTOMERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2011		2002	
	Water Usage	Percentage of Total City Water Usage	Water Usage	Percentage of Total City Water Usage
Grapevine-Colleyville ISD	50,102,700	2.09%	35,958,200	1.71%
Town Center	11,122,300	0.46%	-	- %
Lifetime Fitness	10,930,700	0.46%	-	- %
Market Street	9,858,500	0.41%	-	- %
Bluebonnet Hills	6,075,800	0.25%	-	- %
Shadowood Trail	5,882,200	0.24%	4,279,000	0.20%
Woodland Hills	5,435,300	0.23%	3,574,000	0.17%
Westmont	5,215,000	0.22%	-	- %
Timarron	4,785,500	0.20%	-	- %
Highland Meadows HOA	4,710,700	0.20%	3,428,200	0.16%
Broughton Maint Assoc	3,943,200	0.16%	-	- %
First Baptist Church	3,838,200	0.16%	-	- %
Pebble Hill	3,390,500	0.14%	-	- %
Oak Point HOA	3,348,400	0.14%	-	- %
Monterra	3,329,800	0.14%	-	- %
La Hacienda Ranch	3,104,400	0.13%	4,962,300	0.24%
Wash Depot	3,033,700	0.13%	4,254,400	0.20%
Saddlebrook HOA	2,875,000	0.12%	-	- %
Rio Mambo	2,486,900	0.10%	-	- %
Albertsons (Glade Rd)	2,277,900	0.09%	5,828,600	0.28%
Total	<u>145,746,700</u>	<u>6.07%</u>	<u>62,284,700</u>	<u>2.97%</u>

Source: City utility billing records

**CITY OF COLLEYVILLE, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Sales Tax Revenue Bonds	Capital Leases	Water and Sewer Revenue Bonds	Drainage Revenue Bonds	Capital Leases			
2002	\$ 15,315,000	\$ 14,472,722	\$ -	\$ 9,503,000	\$ 2,940,000	\$ -	\$ 42,230,722	4.22%	\$ 2,127
2003	13,820,000	13,937,722	-	9,605,000	2,800,000	-	40,162,722	3.81%	1,993
2004	12,925,000	13,077,722	-	8,925,000	2,660,000	-	37,587,722	3.43%	1,834
2005	11,995,000	14,980,000	69,187	8,160,000	2,515,000	41,077	37,760,264	3.28%	1,798
2006	10,665,000	14,760,000	404,395	7,365,000	2,365,000	26,933	35,586,328	2.96%	1,640
2007	17,770,000	10,372,462	349,189	6,540,000	2,205,000	13,140	37,249,791	2.89%	1,682
2008	16,275,000	9,795,916	430,549	5,840,000	2,040,000	-	34,381,465	2.65%	1,528
2009	14,665,000	9,199,370	359,996	5,200,000	1,870,000	-	31,294,366	2.52%	1,388
2010	13,300,000	8,572,824	1,151,173	4,520,000	1,695,000	-	29,238,997	2.32%	1,282
2011	11,510,000	8,271,278	972,170	3,600,000	1,550,000	-	25,903,448	1.71%	1,133

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See Table 14 for personal income and population data.

## CITY OF COLLEYVILLE, TEXAS

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

## LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less Amounts Restricted to Repaying Principal	Total		
2002	\$ 15,315,000	\$ 962,363	\$ 14,352,637	0.68%	\$ 723
2003	13,820,000	1,025,530	12,794,470	0.54%	635
2004	12,925,000	995,889	11,929,111	0.46%	582
2005	11,955,000	989,618	10,965,382	0.41%	522
2006	10,665,000	1,082,681	9,582,319	0.33%	442
2007	17,770,000	1,254,686	16,515,314	0.53%	746
2008	16,275,000	987,681	15,287,319	0.50%	679
2009	14,665,000	1,121,567	13,543,433	0.44%	601
2010	13,300,000	1,154,570	12,145,430	0.39%	533
2011	11,510,000	1,188,907	10,321,093	0.33%	451

## Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See Table 5 for property value data.

Population data can be found in Table 14.

## CITY OF COLLEYVILLE, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2011

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Birdville Independent School District	\$ 227,199,557	0.080%	\$ 181,760
Carroll Independent School District	249,710,039	0.490%	1,223,579
Grapevine-Colleyville Independent School District	338,449,287	21.650%	73,274,271
Hurst-Eules-Bedford Independent School District	323,966,880	1.580%	5,118,677
Keller Independent School District	712,856,753	2.890%	20,601,560
Tarrant County	335,050,000	3.070%	10,286,035
Tarrant County College District	29,780,000	3.070%	914,246
Tarrant County Hospital District	27,160,000	3.070%	<u>833,812</u>
Subtotal overlapping debt			112,433,939
City direct debt	11,510,000	100.000%	<u>11,510,000</u>
Total direct and overlapping debt			<u>\$ 123,943,939</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Tarrant County Appraisal District and debt outstanding data provided by each governmental unit.

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**CITY OF COLLEYVILLE, TEXAS**

**PLEDGED REVENUE COVERAGE**

**LAST TEN FISCAL YEARS**

Fiscal Year	Water Revenue Bonds					Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2002	\$ 8,407,033	\$ 5,909,848	\$ 2,497,185	\$ 597,000	\$ 485,984	\$ 1,414,201
2003	8,840,900	6,444,484	2,396,416	622,000	457,143	1,317,273
2004	8,924,942	6,117,278	2,807,664	680,000	406,306	1,721,358
2005	10,198,733	7,251,998	2,946,735	765,000	361,976	1,819,759
2006	13,136,476	8,067,565	5,068,911	795,000	329,451	3,944,460
2007	10,046,030	8,040,621	2,005,409	825,000	296,546	883,863
2008	11,452,268	9,670,881	1,781,387	700,000	265,658	815,729
2009	11,458,282	8,943,803	2,514,479	640,000	241,223	1,633,256
2010	11,427,074	9,458,355	1,968,719	680,000	213,358	1,075,361
2011	14,391,910	10,120,678	4,271,232	920,000	57,819	3,293,413

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

**TABLE 14**

Drainage Revenue Bonds						Sales Tax Bonds			
Drainage Service Charges	Drainage Operations Expenses	Net Available Revenue	Debt Service		Coverage	Sales Tax Increment	Debt Service		Coverage
			Principal	Interest			Principal	Interest	
\$ 615,099	\$ 256,866	\$ 358,233	\$ 205,115	\$ 85,550	\$ 67,568	\$ 881,921	\$ 170,000	\$ 533,066	\$ 178,855
704,031	235,105	468,926	140,000	144,417	184,509	768,846	185,000	419,114	164,732
694,196	312,235	381,961	140,000	122,263	119,698	873,626	195,000	406,472	272,154
710,265	338,310	371,955	175,000	116,432	80,523	982,844	210,000	387,085	385,759
897,606	444,700	452,906	150,000	111,252	191,654	1,132,094	240,000	402,929	489,165
922,123	462,387	459,736	160,000	104,206	355,530	1,208,379	255,000	391,366	562,013
902,232	510,259	391,973	165,000	96,984	294,989	1,300,260	270,000	380,013	650,247
889,163	500,677	388,486	170,000	90,138	298,348	1,264,385	275,000	368,195	621,190
899,870	484,712	415,158	175,000	82,930	332,228	1,317,161	290,000	356,290	670,871
905,271	551,049	354,222	152,163	58,979	295,243	1,319,517	300,000	344,195	675,322

## CITY OF COLLEYVILLE, TEXAS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

## LAST TEN FISCAL YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Tarrant County Unemployment Rate</u>
2002	19,850	\$ 151,638	\$ 50,378	6.1%
2003	20,150	157,414	52,297	6.3%
2004	20,500	161,095	53,520	5.6%
2005	21,000	165,008	54,820	5.1%
2006	21,700	167,009	55,485	4.5%
2007	22,150	175,008	58,142	4.3%
2008	22,500	173,853	57,758	5.1%
2009	22,550	166,063	55,170	8.2%
2010	22,807	166,063	55,354	7.9%
2011	22,860	201,357	66,236	8.3%

Sources: Population - North Central Texas Council of Governments, personal income - City of Colleyville Economic Development Department, Unemployment Rate - Texas Workforce Commission (unemployment rate is not available solely for the City of Colleyville)

**CITY OF COLLEYVILLE, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	2011		2002	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment*
Grapevine Colleyville ISD	698	13.5%	720	- %
Market Street	369	7.1%	-	- %
Lifetime Fitness	230	4.5%	-	- %
City of Colleyville	192	3.7%	162	- %
Kroger	-	- %	150	- %
Covenant Christian Academy	107	2.1%	-	- %
TGW Insurance	95	1.8%	-	- %
Albertsons	80	1.5%	200	- %
LaHacienda Ranch	75	1.5%	100	- %
Sonshine Academy	60	1.2%	40	- %
Mac's Steak and Seafood	64	1.2%	93	- %
Compass Christian Church	50	1.0%	-	- %
Michael's Keys	50	1.0%	-	- %
Total	1,003	24.0%	745	- %

Source: City Economic Development Division

\*This information is unavailable.

TABLE 17

## CITY OF COLLEYVILLE TEXAS

**FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fulltime Equivalent Employees as of September 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Management services	6	6	6	6	6	5	5	4	4	4
Finance/court	6	7	7	7	7	6	6	6	6	6
Planning	5	5	3	3	3	3	3	3	2	2
Building	5	5	5	5	5	5	6	6	5	4
Other	4	3	4	5	5	6	6.5	7.5	9.5	11
Police										
Officers	30	30	30	31	32	35	37	38	38	38
Civilians	10	10	10	10	11	13	14	14	13	6
Fire										
Firefighters and officers	30	30	30	33	33	33	33	33	33	33
Civilians	1	1	1	1	1	1	1	1	2	1
Other public works										
Engineering	6	6	5	5	5	5	5	5	4	4.5
Other	3	3	3	3	3	3	3	3	3	3
Streets	10.5	10	10	10	10	10	10	10	10	10
Parks and recreation	12.5	12.5	12.5	12.5	12.5	13.5	13.5	13.5	16.5	16
Library	-	5.5	5.5	5.5	5.5	7.5	8.0	8.0	9.5	9.5
Colleyville center	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Water/wastewater	21.5	22.5	25.5	25.5	28	29	29	29	28	24
Drainage	<u>3.5</u>	<u>4</u>	<u>4</u>	<u>6</u>						
Total	<u>158.5</u>	<u>165.0</u>	<u>166.0</u>	<u>173.0</u>	<u>177.5</u>	<u>185.5</u>	<u>190.5</u>	<u>191.5</u>	<u>194.0</u>	<u>182.6</u>

Source: City Human Resources Office

Notes: A fulltime employee is scheduled to work 2080 hours per year (including vacation and sick leave). Fulltime equivalent employment is calculated by dividing total labor hours by 2080.

**TABLE 18**

**CITY OF COLLEYVILLE, TEXAS  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Building permits issued	135	132	275	245	270	140	131	90	77	104
Building inspections conducted	4,536	5,011	7,401	8,734	9,599	8,941	8,108	5,641	6,149	6,737
Police										
Physical arrests	700	643	643	404	485	666	514	809	764	666
Calls for service	11,784	11,407	11,407	10,668	10,546	17,629	15,292	23,480	12,242	27,254
Traffic violations	8,636	7,806	7,806	7,311	11,218	12,438	15,621	12,550	13,822	11,354
Fire										
Emergency responses	622	629	629	510	656	715	681	737	762	830
Ambulance calls	545	559	559	609	589	630	667	693	751	765
Inspections	350	750	750	560	312	503	666	796	784	397
Other public works										
Street resurfacing (miles)	1	1	2	3	3	4.5	8.5	13.9	8.0	6.2
Parks and recreation										
Athletic field participants	675	668	685	690	602	4,960	5,159	4,617	4,296	4,378
Community center rentals	669	737	614	580	637	592	627	507	373	410
Library*										
Volumes in collection	-	21,757	22,334	34,656	43,378	46,311	50,348	54,659	58,147	62,997
Total volumes borrowed	-	17,933	102,165	139,130	177,087	197,712	211,674	238,459	244,458	235,238
Water										
Customers	7,643	7,781	8,067	8,271	8,561	8,700	8,893	8,960	9,014	9,103
Average daily consumption (thousands of gallons)	4,340	5,321	4,964	5,951	8,081	5,123	6,619	6,578	5,990	7,928
Peak daily consumption (thousands of gallons)	12,184	15,123	13,204	16,126	16,732	13,068	16,764	16,674	18,207	18,935
Wastewater										
Customers	6,972	7,112	7,294	7,563	7,761	7,966	8,138	8,315	8,389	8,457

Source: Various City departments

\*The Library opened in 2003.

**TABLE 19**

**CITY OF COLLEYVILLE, TEXAS  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	7	7	7	10	13	13	13	13
Fire										
Stations	2	2	2	2	2	2	3	3	3	3
Public works										
Streets (miles)	264	288	295	300	307	311	312	312	318	282
Streetlights	740	745	751	860	990	1,011	1,010	1,168	1,188	1,169
Traffic signals	1	2	2	2	2	2	2	2	2	2
Parks and recreation										
Acreage	207	207	207	212	212	224	224	224	224	224
Playgrounds	5	5	5	5	5	6	6	6	6	6
Baseball/softball diamonds	9	9	9	9	9	9	9	9	9	9
Soccer fields	14	14	14	14	14	14	14	14	14	14
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	150	152	170	173	175	191	192	199	200	195
Fire hydrants	890	940	1,108	1,149	1,206	1,254	1,271	1,340	1,345	1,362
Storage capacity (thousands of gallons)	4,900	4,900	4,900	4,900	4,900	4,900	4,900	9,900	9,900	9,400
Wastewater										
Sanitary sewers (miles)	130	133	147	150	154	163	164	166	170	162
Storm sewers (miles)	54	55	56	57	58	59	59	63	63	58

Source: Various City departments

Note: No capital asset indicators are available for the general government or library function.

# **COMPLIANCE**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the City Council  
City of Colleyville, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Colleyville, Texas (the “City”) as of and for the year ended September 30, 2011, which collectively comprise the City’s basic financial statements and have issued our report thereon dated January 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

January 24, 2012